



# Patels Airtemp (India) Limited

Ref. No. : PAT/SD/Reg. 34(1)-30<sup>th</sup> AR/2022-2023/31VIII

Date : 31<sup>st</sup> August, 2022

To,  
**BSE Limited**  
Corporate Relation Department  
Phiroze Jeejeebhoy Towers, Dalal Street, Fort,  
Mumbai: 400 001

**Scrip Code No. 517417 | Script Name: PATELSAI | ISIN: INE082C01024**

Dear Sir/Madam,

**Sub: Compliance under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attached herewith a Notice of 30<sup>th</sup> Annual General Meeting (AGM) of the Company along with Annual Report for the financial year 2021-2022.

**The Schedule for 30<sup>th</sup> AGM of the Company is setout below:**

Day, date and time for 30 <sup>th</sup> AGM	Tuesday, 27 <sup>th</sup> September, 2022 at 11:30 a.m. (IST) through VC/OAVM
Cut-off date for E-Voting	Tuesday, 20 <sup>th</sup> September, 2022
Remote E-Voting start date & time	Saturday, 24 <sup>th</sup> September, 2022 at 9:00 a.m.
Remote E-Voting ends date & time	Monday, 26 <sup>th</sup> September, 2022 at 5:00 p.m.
Book Closure for Dividend	Monday, 19 <sup>th</sup> September, 2022 to Tuesday, 27 <sup>th</sup> September, 2022 (both days inclusive)

The aforesaid Notice of 30<sup>th</sup> AGM along with Annual Report for the financial year 2021-2022 is being sent through electronic mode to those shareholders whose email I'ds are registered with the Company / Bigshare Services Private Limited, Registrar and Transfer Agents (RTA) of the Company and the Depositories/Depository Participants.

The Notice of 30<sup>th</sup> AGM along with Annual Report is also available on the Company's website i.e. [www.patelsairtemp.com](http://www.patelsairtemp.com) and will also available on website of BSE Limited i.e. [www.bseindia.com](http://www.bseindia.com).

You are requested to take the same on record.

Thanking You.

Yours faithfully,

**For Patels Airtemp (India) Limited**

  
**Nikhil M. Patel**  
**Sr. Company Secretary**  
**(Membership No. A6814)**



Encl: As above

✓ Works :  
805, 806, 807, 810, Rakanpur 382 722,  
Via : Sola - Bhadaj Village, Ta. Kalol,  
Dist. : Gandhinagar, Gujarat, India.  
Ph. : +91 2764 286634 / 35, 286480 / 81,  
Fax : +91 2764 286301  
Email : [works@patelsairtemp.com](mailto:works@patelsairtemp.com)

Regd. Office :  
5th Floor, Kalpana Complex,  
Nr. Memnagar Fire Station, Navrangpura,  
Ahmedabad - 380 009. Gujarat, India.  
Ph. : +91 79 27913694 / 95 / 96  
Fax : +91 79 27913693  
Email : [project@patelsairtemp.co.in](mailto:project@patelsairtemp.co.in)

USA Office :  
**Patels Airtemp (USA) Inc.**  
4548, Talisman St,  
Torrance, CA - 90503 USA.  
Ph. : 323 207 7793  
E-mail : [patelsairtempusa@gmail.com](mailto:patelsairtempusa@gmail.com)

ISO 9001 : 2015 COMPANY



ASME "U" / "U2" / "S"  
NATIONAL BOARD "NB" / "R"  
MEMBER OF : HTRI - USA  
CIN NO. L29190GJ1992PLC017801



# Patels Airtemp (India) Limited

CIN- L29190GJ1992PLC017801



## SHELL & TUBE CONDENSER

No of Tubes : 9427

Shell OD : 3432 mm

Tubes : 25.4 mm OD X 7000 mm LG

Tube Material : SS 316 Seamless

Heat Transfer area : 5082 m<sup>2</sup>

Weight : 1,26,200 Kg

Client : Tecnimont Private Limited

Project : IOCL – Gujarat Refinery, Dumad

30<sup>th</sup> ANNUAL REPORT  
**2021-22**

ISO 9001 : 2015 COMPANY



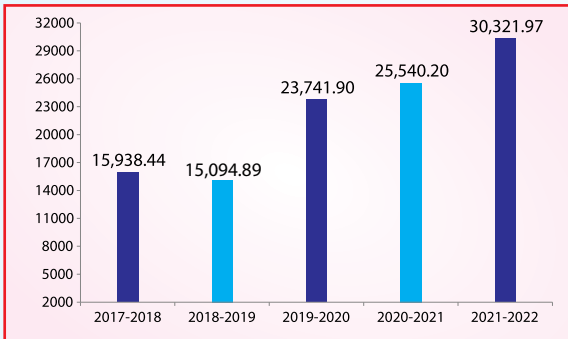
ASME "U" / "U2" / "S"  
NATIONAL BOARD "NB" / "R"  
MEMBER OF: HTRI – USA



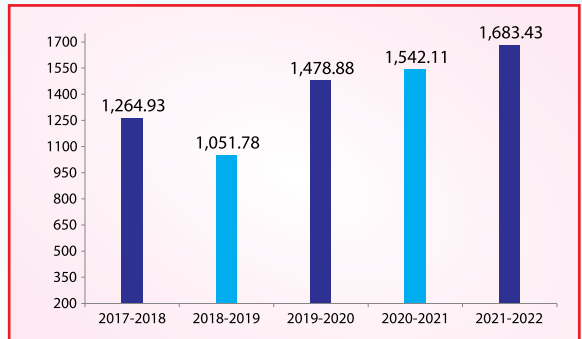


## Key Performance Indicators of the Company (Standalone)

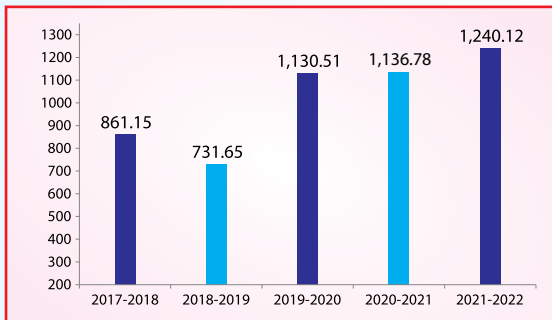
Revenue from Operations (₹ in Lakhs)



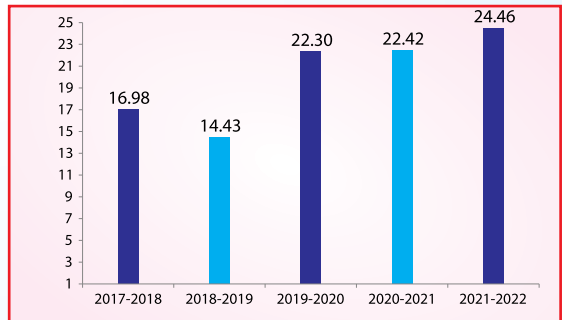
Profit Before Tax (PBT) (₹ in Lakhs)



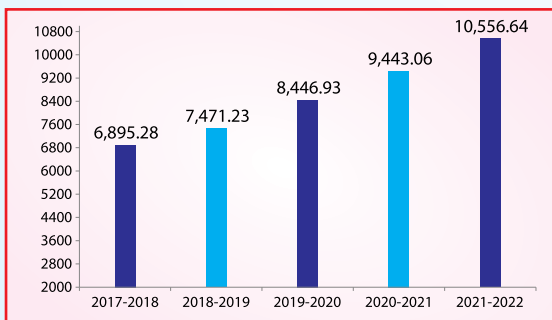
Profit After Tax (PAT) (₹ in Lakhs)



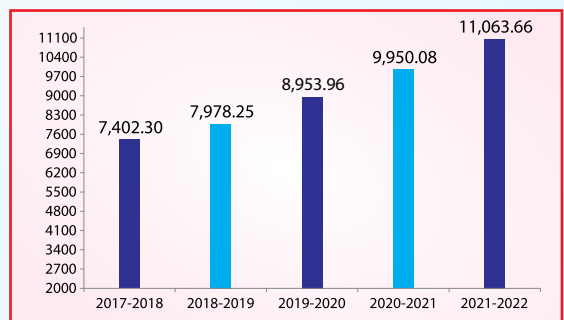
Earning Per Share (EPS in ₹)



Other Equity (₹ in Lakhs)



Net Worth (₹ in Lakhs)



# Message from the Desk of Chairman



## N. G. Patel

*Founder, Patels Airtemp*

**Celebrating 50 years of Manufacturing Excellence**

Dear Shareholders,

Hope you and your family members are healthy, safe and enjoy joyful life.

It gives me immense pleasure to present the eventful year for Patels Airtemp.

As your Company has completed five decades in the industry of engineering and enters into 28<sup>th</sup> year as a listed entity, I would like to express my sincere gratitude for your continued support and trust on your Company.

As you all know that your Company is operating in single segment business namely Engineering. 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 in India and outside India. All these products are supplied to leading Industrial Sections like Power Projects, Refineries, Fertilizers, Cements, Petrochemicals, Pharmaceuticals, Textile and Chemical Industries. Since inception, the Company has satisfied 550+ clients.

Recently the Company has set up a new Greenfield project at Dudhai, Taluka: Kadi, Dist. Mehsana, Gujarat (Dudhai Unit) with total capital outlay of around ₹ 24.00 Crores for dedicated manufacturing of Air Cooled Heat Exchanger / Air Fin Cooler and other engineering products with construction of total four bays/shades with total covered area of around 11,016 Sq. Mtrs.

By establishing a new Greenfield project, the Company has created additional infrastructure required for the purpose of

taking care of a part of the production process and primarily removed the space constraints and the company is in a position to carry out the assembly operations in a cost effective and efficient manner.

The fiscal year 2021-22 was uncertain and challenging due to second wave of COVID-19 and ongoing geopolitical war tension between Russia and Ukraine which was impacted on operations and interruption in supply chain worldwide. Despite of the challenging situation in worldwide and country, your Company with the support of works, employees and management, has been able to effectively manage the operations till now with appropriate safety precautions, without any significant impact of second wave of COVID-19 on the business and able to achieve considerable improvements across the targets and achieved highest ever turnover during the financial year.

The Company has earned total revenue from operations of ₹ 30321.97 Lakhs during the year ended on 31<sup>st</sup> March, 2022 as against ₹ 25540.20 Lakhs earned during the previous year ended on 31<sup>st</sup> March, 2021 and earned Net Profit of ₹ 1240.12 Lakhs for the year ended on 31<sup>st</sup> March, 2022 after making Provision for Tax Expenses of ₹ 443.30 Lakhs and other adjustments, as compared to Net Profit of ₹ 1136.78 Lakhs earned by the Company during the previous year ended on 31<sup>st</sup> March, 2021.

On the back of this achievement, the Board of Directors of the Company have recommended a dividend of ₹ 2.80 per share (increased from ₹ 2.50 per share previous year) on 50,70,240 Equity Shares of ₹ 10 each, which translates to a highest ever dividend payout of 28% per share.

The Company has continued in receiving enquiries from current and new clients from Domestic and Export market. It's my pleasure to inform you that as on 1<sup>st</sup> August, 2022, the Company is having confirmed orders of about ₹ 456 Crores which gives opportunity to achieve growth in terms of revenue and become market leaders.

Before concluding, I would show my gratitude to all the employees and works for their continuous efforts and engagement towards building a strong and agile organisation and in driving the growth of the Company. Further, I show my gratitude to all the stakeholders for their continued trust and support towards the Company and wish that you continue to accompany us in our journey to meet Company's ambitions for the future.

Thank you,  
With warm regards,

**Narayanbhai G. Patel**  
Chairman & Whole-time Director

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Narayanbhai G. Patel	(Chairman & Whole-time Director)
Mr. Sanjivkumar N. Patel	(Managing Director)
Mr. Shivang P. Patel	(Whole-time Director)
Mr. Apurva V. Shah	(Whole-time Director)

#### Non-Executive Independent Directors

Mr. Hareshkumar I. Shah	(Chairman of Board Committees)
Mr. Himanshu N. Rawal	
Mrs. Vinaben B. Patel	
Mr. Rajendrakumar C. Patel	

**Company Secretary** Mr. Nikhil M. Patel

**Chief Financial Officer** Mr. Kamlesh R. Shah

#### Auditors

**Statutory Auditors** **M/s. Shah & Shah Associates**  
Chartered Accountants  
(Firm Registration No. 113742W)

**Cost Auditor** **M/s. Rajendra Patel & Associates**  
Cost Accountants  
(Firm Registration No. 101163)

**Secretarial Auditor** **CS Punit Lath**  
Practicing Company Secretary  
(ACS No. 26238 COP No. 11139)

**Banker** Bank of Baroda  
Axis Bank Limited

#### Registered Office & A. C. Division

5th Floor, Kalpana Complex, Nr. Memnagar Fire Station,  
Navrangpura, Ahmedabad : 380009  
Ph. No.: +91-79-27913694/95/96, Fax No.: ++1-79-27913693  
Email: [share@patelsairtemp.com](mailto:share@patelsairtemp.com)  
Website: [www.patelsairtemp.com](http://www.patelsairtemp.com)

#### Works (Factory)

##### Rakanpur Works

Plot No. 805, 806, 807, 810  
Rakanpur 382722  
Via: Sola-Bhadaj Village, Ta: Kalol,  
Dist: Gandhinagar, Gujarat  
Ph. No.: +91-2764-286634/35  
Fax No.: +91-2764-286301  
Email: [share@patelsairtemp.com](mailto:share@patelsairtemp.com)  
Website: [www.patelsairtemp.com](http://www.patelsairtemp.com)

##### Dudhai Works

Survey No. 100, Village: Dudhai,  
Ta: Kadi, Dist: Mehsana 382715, Gujarat

#### Wholly Owned Subsidiary (USA)

Patels Airtemp (USA) Inc.  
4548, Talisman St.  
Torrance, CA 90503, USA

### Information for 30th Annual General Meeting

Day : Tuesday  
Date : 27th September, 2022  
Time : 11:30 a.m. IST  
Venue : Through Video Conferencing (VC)/Other Audio  
Visual Means (OAVM)

#### Registrar & Transfer Agent (RTA)

Bigshare Services Private Limited  
A/802, Samudra Complex, off. C. G. Road  
Navrangpura, Near Girish Cold Drinks,  
Ahmedabad 380009  
Tel: +91-79-40024135, +91-79-400392570  
Email: [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)

#### Listing of Share

Stock Exchange - BSE Limited  
Script Code - 517417  
Script Name - PATELSAI  
ISIN - INE082C01024  
CIN - L29190GJ1992PLC017801

#### Email for Investor Grievance:

[share@patelsairtemp.com](mailto:share@patelsairtemp.com)

#### You can also find this report online on

[www.patelsairtemp.com](http://www.patelsairtemp.com)

### CONTENTS

### PAGE NO.

#### Statutory Reports

Notice of Annual General Meeting	01-19
Directors Report	20-32
Management Discussion & Analysis	34-37
Corporate Governance Report	38-65
CSR Report	70-73
Secretarial Audit Report	74-78

#### Standalone Financial Statements

Independent Auditors Report	81-91
Balance Sheet	92
Statement of Profit & Loss	93
Cash Flow Statement	94
Statement of Changes in Equity	95
Notes on Financial Statements	96-130

#### Consolidated Financial Statements and Independent Auditors Report

131-177

#### Others

General Instructions for participating in the AGM through VC/OAVM facility	5-7
E-voting Instructions	10-15
E-Communication Registration Form	179
NECS Mandate Form	180

## NOTICE OF 30<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **30<sup>th</sup> ANNUAL GENERAL MEETING ("30<sup>TH</sup> AGM" or "AGM")** of the members of **PATELS AIRTEMP (INDIA) LIMITED** will be held on Tuesday, the 27<sup>th</sup> day of September, 2022, at 11:30 a.m., Indian Standard Time (IST), through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business :

### ORDINARY BUSINESS :

- 1) To consider and adopt (a) the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the reports of the Board of Directors and Auditors thereon; and (b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the report of the Auditors thereon and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Ordinary Resolutions**:
  - a) **"RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 comprising Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements together with the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."
  - b) **"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the report of Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."
- 2) To declare dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2022 and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** a dividend of ₹ 2.80/- (Rupees Two and Eighty Paise only) per Share on 50,70,240 Equity Shares of ₹10/- each of the Company as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2022, be and is hereby approved and declared and the same be paid out of the profits of the Company, subject to deduction of tax at source (TDS)."
- 3) To re-appoint Mr. Sanjivkumar N. Patel (DIN: 02794095), who retires by rotation, as a Director and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Sanjivkumar N. Patel (DIN: 02794095), who retires by rotation as a Director at this Annual General Meeting and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."
- 4) To appoint M/s. Parikh & Majmudar, Chartered Accountants, Ahmedabad (Firm Registration No. 107525W), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of sixth consecutive Annual General Meeting and to fix their remuneration, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any modification(s) or amendment thereof and pursuant to the recommendation made by the Audit Committee of the Board, M/s. Parikh & Majmudar, Chartered Accountants, Ahmedabad (Firm Registration No. 107525W), who have confirmed their eligibility for appointment, be and is hereby appointed as the Statutory Auditors of the Company in place of M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad, the retiring Statutory Auditor, to hold office from the conclusion of this 30<sup>th</sup> Annual General Meeting for first term of consecutive five years till conclusion of the 35<sup>th</sup> Annual General Meeting to be held in the

year 2027 and that the Board of Directors of the Company be and is hereby authorised to decide and fix the remuneration plus applicable taxes, and out of pocket expenses incurred in connection with the audit, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things, necessary and expedient to give effect to the resolution.”

**SPECIAL BUSINESS :**

- 5) To ratify payment of remuneration to Cost Auditors for the financial year ending 31<sup>st</sup> March, 2023 and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Rajendra Patel & Associates, Cost Accountant, Ahmedabad (Registration No. FRN101163 and Membership No. 29021), appointed as the Cost Auditors of the Company by the Board of Directors to conduct an audit of the Cost Records of the Company for the financial year ending 31<sup>st</sup> March, 2023 (2022-2023), be paid and ratified the payment of remuneration of ₹ 70,000/- (Rupees Seventy Thousand only) plus applicable taxes and out-of-pocket expenses, if any, for the said financial year, as recommended by the Audit Committee and approved by the Board of Directors of the Company.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By Order of the Board of Directors  
For PATELS AIRTEMP (INDIA) LIMITED**

**NARAYANBHAI G. PATEL  
Chairman & Whole-time Director**

**Factory (Works) :**

Plot: 805, 806, 807, 810,  
Rakanpur – 382 722,  
Via: Sola-Bhadaj Village, Ta: Kalol,  
Dist: Gandhinagar, Gujarat.  
CIN : L29190GJ1992PLC017801  
Dated : 13<sup>th</sup> August, 2022

**I. IMPORTANT NOTES:-**

- (1) A Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”) setting out the material facts relating to the resolutions mentioned in the above notice as per Item No. 4 and 5 to be transacted at the Meeting is as under.

Further, additional information with respect to Item No. 4 regarding appointment of Statutory Auditors is also mentioned here under as required under Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**“the Listing Regulations”**).

A statement providing additional details of the Director seeking re-appointment as set out at Item No. 3 of the Notice is included in the Notes forming part of the Notice here under as required under Regulation 36 of the Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India (‘ICSI’).

As per provisions of Clause 3.A.II of the General Circular No. 20/2020 dated 5<sup>th</sup> May 2020 issued by MCA, the matters of Special Business as appearing at Item No. 5 of the accompanying Notice, are considered to be unavoidable by the Board and hence, form part of this Notice.

- (2) **Normally - PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON THEIR BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Since this AGM is being held pursuant to the MCA circulars and SEBI Circular through VC/OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form and attendance slip are not annexed to this notice.

- (3) **General instructions for (i) accessing and participating in the 30<sup>th</sup> AGM through VC/OAVM facility and voting through electronic means during 30<sup>th</sup> AGM, (ii) Notes forming part of the Notice, (iii) Remote E-Voting process and (iv) Dividend related matters including Book-Closure, please refer Para No. II, III, IV & V respectively annexed hereto**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act"):**

The following Statement sets out all material facts relating to the resolutions mentioned in the accompanying Notice as per Item No. 4 and 5 to be transacted at the Meeting :

**ITEM NO. 4**

M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad (Firm Registration No. 113742W), were appointed as Statutory Auditors of the Company at the 25<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> September, 2017 for a term of 5 consecutive years up to the conclusion of this 30<sup>th</sup> Annual General Meeting of the Company.

Considering that the tenure of M/s. Shah & Shah Associates will come to an end upon conclusion of this 30<sup>th</sup> AGM, the Board of Directors in its meeting held on 13<sup>th</sup> August, 2022, on recommendation of Audit Committee and subject to approval of the Members, has appointed M/s. Parikh & Majmudar, Chartered Accountants, Ahmedabad (Firm Registration No. 107525W) as the Statutory Auditors of the Company, to hold office as such for a first term of 5 consecutive years from the conclusion of this 30<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 35<sup>th</sup> Annual General Meeting to be held in the year 2027.

M/s. Parikh & Majmudar, Chartered Accountants have given their consent for their appointment as Statutory Auditors of the Company and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

M/s. Parikh & Majmudar have provided confirmation that they have subjected themselves to peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board of ICAI'. The Company has received their eligibility and willingness for their proposed appointment for the period from conclusion of this 30<sup>th</sup> Annual General Meeting up to the conclusion of 35<sup>th</sup> Annual General Meeting to be held in the year 2027.

**The details required to be disclosed under provisions of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:**

- (A) **Proposed fees payable to the Statutory Auditor(s):** The Board of Directors of the Company to be authorised to decide and fix the remuneration of Statutory Auditors of the Company plus applicable taxes, and out of pocket expenses incurred in connection with the audit, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company based on knowledge, expertise and industry experience possessed by them and will also be in line with the industry benchmarks. The fees for any other professional work including certifications will be in addition to the audit fee and will be decided by the management in consultation with the Auditors.



- (B) **Terms of appointment:** Appointment as Statutory Auditors of the Company for a first term of 5 consecutive years from the conclusion of this 30<sup>th</sup> Annual General Meeting up to the conclusion of 35<sup>th</sup> Annual General Meeting to be held in the year 2027.
- (C) **In case of a new auditor, any material change in the fees payable to such auditor from that paid to the outgoing auditor along with the rationale for such change:** There will not be material change in the remuneration paid to M/s. Shah & Shah Associates, the retiring Statutory Auditors, for the statutory audit conducted for the year ended 31<sup>st</sup> March, 2022 and the remuneration to be paid to M/s. Parikh & Majmudar for the year ending 31<sup>st</sup> March, 2023.
- (D) **Basis of recommendation for appointment:** The Board of Directors and Audit Committee have considered various evaluation criteria with respect to knowledge, expertise, independence and industry experience possessed by them, skillset, governance & competitiveness and recommend their appointment to the Shareholders of the Company.
- (E) **Credentials of the Statutory Auditors proposed to be appointed:** M/s. Parikh & Majmudar ("the firm") was founded in 1988 and is registered with the Institute of Chartered Accountants of India (ICAI) with Firm Registration No. 107525W. The Office is situated at B-303, GCP Business Central, Opp. Memnagar Fire Station, Nr. Vijay Char Rasta, Navrangpura, Ahmedabad – 380009. The firm has 2 main partners with staff strength of 3 key associate members and other staff members.

Since inception, Audit & Assurance Services is one of the major focus areas of the firm, where the firm enjoys peer reviewed status continuously since April 2005. Apart from the Audit & Assurance services the other core areas of practice and services provided by the firm and its partners are, Representation practice having focus on Direct Tax Laws (Before Assessing officers, Commissioner (Appeal) & ITAT), Corporate Laws like Company law (representation before NCLT & NCLAT), Insolvency & Bankruptcy Code, (Resolution Plans/CIRP/Liquidation Process Advisory, NCLT/NCLAT representation); FEMA, SEBI and Securities laws, etc., Mergers & Acquisition; International Taxation & Cross border structuring, Transfer pricing, Advisory services in the field of Corporate finance and syndications, Equity & Capital Market Advisory, Investor Relations and Corporate Governance, Business Restructuring and Reorganization; Debt Resolution & Restructuring, etc.

As on date the firm has over 100 audit assignments, which include statutory audits of more than 10 limited companies. The firm has knowledge, experience and resources for taking up audit and assurance assignments of financial statements prepared as per the conventional Indian Gap (GAAP) as well as Ind AS (Indian Accounting Standards equivalent to IFRS) and also separate Accounting Standard prepared by Tax Authorities.

The Board of Directors in consultation with the Audit Committee may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

The Board of Directors therefore recommends to the members for passing ordinary resolution as set out in item No. 4 of this notice taking into account their credentials and also based on the evaluation of the quality of audit work done by the statutory auditors.

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 4 of the notice.

The Board recommends the resolution set forth in item No. 4 of the notice for approval of the members.

#### ITEM NO. 5

The Board of Directors at the Board Meeting held on 28<sup>th</sup> May, 2022, on the recommendation of Audit Committee, has appointed M/s. Rajendra Patel & Associates, Cost Accountant, Ahmedabad (Firm Registration No. FRN101163 and Membership No. 29021) as the Cost Auditor of the Company to conduct audit of cost accounting records maintained / will maintain by the Company for the current financial year

2022-2023 ending on 31<sup>st</sup> March, 2023, at a remuneration of ₹ 70,000/- (Rupees Seventy Thousand only) plus applicable taxes and out-of-pocket expenses, if any, subject to the approval of the Shareholders in General Meeting by ratification for payment of remuneration.

In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration as above payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the Members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor of the Company for the Financial Year ending March 31, 2023.

None of the Directors of the Company, Key Managerial Personnel and their Relatives are concerned or interested financially or otherwise in the aforesaid Ordinary Resolution.

The Board recommends the Resolution set forth at Item No. 5 of the Notice for the approval of the Members.

**By Order of the Board of Directors  
For PATELS AIRTEMP (INDIA) LIMITED**

**NARAYANBHAI G. PATEL  
Chairman & Whole-time Director**

**Factory (Works) :**

Plot: 805, 806, 807, 810,  
Rakanpur – 382 722,  
Via: Sola-Bhadaj Village, Ta: Kalol,  
Dist: Gandhinagar, Gujarat.  
CIN : L29190GJ1992PLC017801  
Dated : 13<sup>th</sup> August, 2022

**II. GENERAL INSTRUCTIONS FOR ACCESSING AND PARTICIPATING IN THE 30<sup>TH</sup> AGM THROUGH VC/OAVM AND VOTING THROUGH ELECTRONIC MEANS DURING 30<sup>TH</sup> AGM:-**

- (a) In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (**MCA**) has vide its circular nos. 14/2020 and 17/2020 dated 08<sup>th</sup> April, 2020, and 13<sup>th</sup> April, 2020, respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and rules made thereunder on account of the threat posed by Covid-19" and circular nos. 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022, dated 05<sup>th</sup> May, 2020, 13<sup>th</sup> January, 2021, 08<sup>th</sup> December, 2021, 14<sup>th</sup> December, 2021 and 05<sup>th</sup> May, 2022 respectively in relation to "Clarification on holding of Annual General Meeting (AGM) through Video Conferencing (**VC**) or Other Audio-Visual Means (**OAVM**)" (collectively referred to as '**MCA Circulars**') permitted the Companies whose AGMs are due in the year 2022, to conduct their AGMs on or before 31<sup>st</sup> December, 2022 through VC / OAVM, without the physical presence of the members at a common venue and also provided relaxation from dispatching of physical copies of Notice of AGM and financial statements for the year 2021-2022 and considering the above MCA Circulars, Securities and Exchange Board of India (SEBI) vide its circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May, 2022 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015" ('**SEBI Circular**') provided relaxation up to 31<sup>st</sup> December, 2022, from Regulation 36(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI Listing Regulations**') which requires sending hard copy of the Annual Report containing salient features of all the documents prescribed in Section 136 of the Companies Act, 2013 ('**Act**') to the shareholders who have not registered their email addresses. In compliance with the MCA Circulars and SEBI Circular, the 30<sup>th</sup> AGM of the Company is being conducted through VC/OAVM, which does not require physical presence of Members at a common venue. Hence, members can attend and participate in the 30<sup>th</sup> AGM through VC/OAVM only.

- (b) Pursuant to the MCA and SEBI Circulars as above and in view of the prevailing situation and owing to the difficulties involved in dispatching of physical copies, the Notice of the 30<sup>th</sup> AGM and the Annual Report for the year 2021-2022 including therein the Audited Standalone & Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022, are being sent only by email to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same.

Therefore, those Members, whose email address are not registered with the Company or its Registrar and Transfer Agent (RTA) or with their respective Depository Participant/s, and who wish to receive the Notice of the 30<sup>th</sup> AGM and the Annual Report for the year 2021-2022 and all other communication sent by the Company by email and who wish to participate in the 30<sup>th</sup> AGM or cast their vote through remote e-Voting or through e-Voting system during the meeting, **can get their email address registered by following the steps as given below:-**

- I) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address and mobile number to be registered along with scanned self attested copy of the PAN Card and any document (such as Driving Licence, Passport, Bank Statement, AADHAAR) supporting the registered address of the Member, by email to the Company's email address at [share@patelsairtemp.com](mailto:share@patelsairtemp.com) or at RTA's e-mail address at [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com).
  - II) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
- (c) In line with the MCA and SEBI Circulars as above, the Annual Report for the year 2021-2022 including Notice of the 30<sup>th</sup> AGM and Financial Statements therein will be available on the website of the Company at [www.patelsairtemp.com](http://www.patelsairtemp.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).
- (d) Since the 30<sup>th</sup> AGM will be held through VC/OAVM, the Route Map of the venue of the Meeting is not annexed hereto.
- (e) Central Depository Services (India) Limited ("CDSL") will be providing facility for voting through remote e-Voting, for participation in the 30<sup>th</sup> AGM through VC/OAVM Facility and e-Voting during the 30<sup>th</sup> AGM.

Members will be able to attend the 30<sup>th</sup> AGM through VC/OAVM Facility through the CDSL e-Voting system at [www.evotingindia.com](http://www.evotingindia.com) under shareholders login by using the remote e-Voting credentials and selecting the EVSN for the Company's 30<sup>th</sup> AGM. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in this Notice of the 30<sup>th</sup> AGM to avoid last minute rush.

- (f) Facility to join the Meeting shall be opened 30 (thirty) minutes before the scheduled time of the Meeting and shall be kept open throughout the proceedings of the Meeting.
- (g) Members may note that the VC/OAVM facility, provided by CDSL, allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the 30<sup>th</sup> AGM without any restriction on account of first-come-first-served principle.
- (h) **The procedure for attending and e-Voting on the day of 30<sup>th</sup> AGM is same as the instructions mentioned below for Remote e-voting.** Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available

during the AGM. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM, however, they will not be eligible to vote at the AGM.

A Member can opt for only single mode of voting per EVSN, that is, through remote e-voting or voting at the Meeting. If a Member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID".

- (i) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned below for Remote e-voting.
- (j) Attendance of the Members participating in the 30<sup>th</sup> AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- (k) Further, Members will be required to use Internet with a good speed to avoid any disturbance during the meeting. Please note that Members connecting from mobile devices or tablets or through laptops etc connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- (l) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
- (m) During the 30<sup>th</sup> AGM, the Chairman shall, formally propose to the Members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the 30<sup>th</sup> AGM and announce the start of the casting of vote through e-Voting system and the e-Voting will be closed with the formal announcement of closure of the 30<sup>th</sup> AGM.
- (n) Institutional shareholders/corporate shareholders (i.e. other than individuals, HUF's, NRI's, etc.) are required to send a scanned copy (PDF/JPG Format) of their respective Board or governing body Resolution/Authorization etc., authorizing their representative to attend the AGM through VC/OAVM on their behalf and to vote through remote e-voting and e-Voting during the 30<sup>th</sup> AGM. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail on its registered e-mail address to [punit.lath@yahoo.com](mailto:punit.lath@yahoo.com) or to the Company at the email address viz; [share@patelsairtemp.com](mailto:share@patelsairtemp.com). They can also upload their Board Resolution/Power of Attorney/ Authority Letter etc. in the CDSL e-voting system.
- (o) If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

### III. NOTES FORMING PART OF THE NOTICE:-

- (1) Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), KYC details, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.;
- (a) **For shares held in electronic form:** to their Depository Participants (DPs)



- (b) **For shares held in physical form:** to the Company/Registrar and Transfer Agent in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021. The Company has sent letters to the members for furnishing the required details in the prescribed forms attached with the said letters, the forms which are also available on the Company's website at [www.patelsairtemp.com](http://www.patelsairtemp.com). under Investor Forms.
- (2) Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate share certificate; renewal/ exchange of share certificate; endorsement; sub-division/splitting of share certificate; consolidation of share certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the forms which are available on the Company's website at [www.patelsairtemp.com](http://www.patelsairtemp.com). under Investor Forms. It may be noted that any service request can be processed only after the folio is KYC Compliant.
- (3) SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of shares including transmission and transposition requests shall be processed only in dematerialized form to eliminate all risks associated with physical shares and avail various benefits of dematerialisation,
- (4) Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates along with the requisite KYC Documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form only.
- (5) SEBI has mandated submission of PAN by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their depository participants. Members holding shares in physical form are requested to submit their PAN details to the Company's RTA.
- (6) As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website at [www.patelsairtemp.com](http://www.patelsairtemp.com). under Investor Forms. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to RTA in case the shares are held in physical form.
- (7) In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
- (8) Shareholders who would like to express their views or having questions with regard to the financial statements or any other matter to be placed at the 30<sup>th</sup> AGM may register themselves as a speaker by sending their request and queries in advance at least 10 days prior to meeting i.e. should reach on or before 17<sup>th</sup> September, 2022 mentioning their name, demat account number/folio number, email id, mobile number at company's email id at [share@patelsairtemp.com](mailto:share@patelsairtemp.com).

Shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at Company's email id [share@patelsairtemp.com](mailto:share@patelsairtemp.com).

In both the above circumstances, the queries will be replied by the Company suitably during AGM or by email.

Those Members who have registered themselves as a speaker will only be allowed to express their views during the 30<sup>th</sup> AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- (9) During 30<sup>th</sup> AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, upon Log-in to CDSL e-Voting system at [www.evotingindia.com](http://www.evotingindia.com).

**(10) Details of the Director seeking re-appointment at the 30<sup>th</sup> Annual General Meeting**

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and SS - 2 - Secretarial Standard on General Meetings]

Name of Director	: Mr. Sanjivkumar N. Patel (DIN: 02794095), Managing Director of the Company, shall retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment. Board of Directors of the Company commend his re-appointment.
A brief resume	: Mr. Sanjivkumar N. Patel is holding Engineering degree in B.E. (Chemical) and MBA Degree from USA. He is associated with the Company since 2009. He is one of the Promoter of the Company. He was Whole-time Director of the Company from 2009 to 2015 and is a Managing Director of the Company since 2015. He has worked as a Business Consultant in the field of Management Information System (MIS) and also worked as a Business Analyst. He has experience of working with ERP System and has more than 25 years of experience in different areas.
Disclosure of Relationship inter se between Directors, Manager and other Key Managerial Personnel	: Mr. Sanjivkumar N. Patel, Managing Director, is a Son of Mr. Narayanbhai G. Patel, Chairman & Whole-time Director of the Company.  Mr. Narayanbhai G. Patel, Chairman & Whole-time Director, is a father of Mr. Sanjivkumar N. Patel, Managing Director of the Company and grandfather of Mr. Shivang P. Patel, Whole-time Director of the Company.  Mr. Shivang P. Patel, Whole-time Director, is a Grand Son of Mr. Narayanbhai G. Patel, Chairman & Whole-time Director of the Company.  None of the other Directors are related to any other Directors on the Board.
Shareholding in the Company	: 1,39,000 Equity Shares of ₹ 10/- each of the Company (2.74 % Share Capital of the Company).
Name of Listed entities (other than Patels Airtemp (India) Limited) in which Mr. Sanjivkumar N. Patel holds Directorships	: NIL
Chairperson of Board Committees	: NIL
Member of Board Committees	: NIL
Listed Entities from which Mr. Sanjivkumar N. Patel has resigned as Director in past 3 years	: NIL

Number of Board Meetings attended during the financial year 2021-22	: 6 out of 6
Details of core skills and expertise of the Board of Directors	: Details have been given in Corporate Governance Report included in this Annual Report, which forms part of Directors' Report.
Terms and Conditions of appointment / re-appointment along with details of remuneration last drawn by such person	: Mr. Sanjivkumar N. Patel (DIN: 02794095) was re-appointed as Managing Director of the Company at the 28 <sup>th</sup> Annual General Meeting of the members of the Company held on 28 <sup>th</sup> September, 2020 with payment of salary of ₹ 3,00,000/- per month plus perquisites and allowances for a period of 3 years with effect from 20 <sup>th</sup> May, 2020 up to 19 <sup>th</sup> May, 2023. Subsequently, the remuneration of Mr. Sanjivkumar N. Patel increased from ₹ 3,00,000/- to ₹ 4,00,000/- per month plus perquisites and allowances for the period from 1 <sup>st</sup> June, 2022 up to 19 <sup>th</sup> May, 2023.

#### **IV. VOTING THROUGH ELECTRONIC MEANS AND JOINING VIRTUAL MEETING:-**

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of SEBI Listing Regulations and in terms of SEBI Circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to "E-voting facility provided by Listed Entities" and Secretarial Standards on General Meetings (SS2) issued by the Institute of Company Secretaries of India read with MCA Circulars and SEBI Circular, the Company is providing remote e-Voting facility to its Members in respect of the business as set forth in the accompanying Notice of AGM to be transacted at the 30<sup>th</sup> AGM and facility for those Members participating in the 30<sup>th</sup> AGM through VC/OAVM to cast vote through e-Voting during the 30<sup>th</sup> AGM through e-Voting services provided by Central Depository Services (India) Limited (CDSL).

**The cut-off date for the purpose of remote e-voting and e-voting at the AGM shall be 20<sup>th</sup> September, 2022.** Please note that members can opt for only one mode of voting i.e. either by e-voting at the meeting or remote e-voting. If Members opt for remote e-voting, then they should not vote at the Meeting and vice versa. However, once an e-vote on a resolution is cast by a Member, such Member is not permitted to change it subsequently or cast the vote again.

The e-voting facility is available at the link [www.evotingindia.com](http://www.evotingindia.com)

(A) The instructions for members for voting electronically:-

- (i) **The remote e-voting period begins on Saturday, 24<sup>th</sup> September, 2022 (9.00 a.m. IST) and ends on Monday, 26<sup>th</sup> September, 2022 (5.00 p.m. IST).** During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of **20<sup>th</sup> September, 2022**, may cast their vote electronically. The e-voting shall not be allowed beyond the said time and date and e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) A person who is not a Member as on the cut-off date should treat this Notice of 30<sup>th</sup> AGM for information purpose only.
- (iii) The members who have casted their vote by remote e-voting prior to the meeting may also attend the meeting through VC/OAVM but shall not be entitled to cast their vote again.

- (iv) **Any person who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as on the cut-off date 20<sup>th</sup> September, 2022, may obtain the login details and password/sequence number sending a request at [investor@bigshareonline.com](mailto:investor@bigshareonline.com). and [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com). However, if you are already registered with CDSL for remote e-Voting then you can use your existing user ID and password for casting your vote.**
- (v) The voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 20<sup>th</sup> September, 2022.
- (vi) **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES /MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**
1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
  2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
  3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.
- (vii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020, and Regulation 44 of SEBI Listing Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1:- Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

- (viii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding shares in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



**Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meeting for Individual shareholders holding shares in Demat mode with CDSL/NSDL is given below:**

<b>Type of shareholders</b>	<b>Login Method</b>
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL /KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/">https://web.cdslindia.com/myeasi/Registration/</a> EasiRegistration</li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no.: 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2:- Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

(ix) Login method for e-Voting and joining virtual meeting for shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- 2) Click on "Shareholders" tab to cast your vote(s).
- 3) Now enter your User ID
  - (a) For CDSL: 16 digits beneficiary ID,
  - (b) For NSDL: 8 character DP ID followed by 8 digits Client ID,
  - (c) Members holding shares in physical form should enter folio number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- 6) If you are a first time user, follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is communicated by the Company by mail indicated in the PAN field.</p> <p>Members who have not registered their email address may obtain sequence number from the Company after registering their email address as per the process mentioned in the Notice.</p>

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (3) above.

- (x) After entering these details appropriately, click on “SUBMIT” tab.
- (xi) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xiii) Click on the EVSN for ‘PATELS AIRTEMP (INDIA) LTD.’
- (xiv) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.
- (xvi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xix) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xx) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xxi) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only :
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module as Corporates and Custodians respectively.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the depository account(s)/folio numbers on which they wish to vote.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of Non-Individual Shareholders and Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [punit.lath@yahoo.com](mailto:punit.lath@yahoo.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (xxii) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on toll free No. 1800225533.
- (xxiii) Mr. Punit Lath, Practicing Company Secretary (COP No. 11139 & ACS No. 26238) has been appointed by the Board as the Scrutinizer to scrutinize the voting through e-voting in the meeting and remote e-voting process in a fair and transparent manner.
- (xxiv) The Scrutinizer shall after the conclusion of e-Voting at the 30<sup>th</sup> AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall be submitted to the Chairman or a person authorized by him. The result of e-voting will be declared within two working days of the conclusion of the Meeting and the same, along with the consolidated Scrutinizer's Report, will be placed on the Company's website [www.patelsairtemp.com](http://www.patelsairtemp.com) and on website of CDSL e-Voting [www.evotingindia.com](http://www.evotingindia.com) and will also be communicated to BSE Limited, where the shares of the Company are listed.
- (xxv) The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to the same being passed with requisite majority.

## V. DIVIDEND RELATED MATTERS:-

### (1) PAYMENT OF DIVIDEND

- (a) The Company has notified closure of Register of Members and Share Transfer Books from 19<sup>th</sup> September, 2022 to 27<sup>th</sup> September, 2022 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if approved at the Meeting.
- (b) Dividend of Re. 2.80 per share (@ 28 %) on Equity Shares of ₹ 10/- each for the year ended 31<sup>st</sup> March, 2022 as recommended by the Board, if approved at the meeting, will be paid subject to deduction of tax at source :
  - # To those members, whose names appear in the Register of Members in respect of shares held in physical form on or before 17<sup>th</sup> September, 2022, or
  - # in respect of shares held in electronic form, to those "Beneficial Owners" whose names appear in the Statement of Beneficial Ownership furnished by NSDL and CDSL as at the end of business hours on 17<sup>th</sup> September, 2022.
- (c) In order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending a request and scanned copy of the details/documents by email to reach the Company's email address at [share@patelsairtemp.com](mailto:share@patelsairtemp.com) and submit particulars of their bank accounts in 'Form ISR - 1'
- (d) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent, cannot act on any request



received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.

- (e) In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such Member by post/courier in due course.

## **(2) UNPAID/UNCLAIMED DIVIDEND AND SHARES TO IEPF**

- (a) The Unpaid / Unclaimed Dividend for the year 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020 & 2020-2021 will become due for transfer to Investor Education & Protection Fund (IEPF) in subsequent years. Those shareholders who have so far not en-cash their dividend warrants for the aforesaid financial years are advised to submit their claim to the Registrar and Transfer Agent / Company immediately quoting their folio number. Once the unclaimed/unpaid dividend is transferred to IEPF, no claim shall lie against the Company in respect of the individual amounts which were unclaimed or unpaid.

The Company has transferred the unpaid or unclaimed dividends declared up to the financial year 2013-2014 to IEPF established by the Central Government. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 28<sup>th</sup> September, 2021 (date of the previous Annual General Meeting) on the website of the Company i.e. [www.patelsairtemp.com](http://www.patelsairtemp.com). The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

- (b) Pursuant to the provisions of Section 124(6) of the Act and IEPF Rules as amended from time to time, shares in respect of which dividends have not been en-cashed for seven consecutive years or more are required to be transferred to IEPF. The Company has sent individual notice on 5<sup>th</sup> July, 2022 to all the concerned shareholders intimating them particulars of equity shares due for transfer. These details are also available on the Company's website viz. [www.patelsairtemp.com](http://www.patelsairtemp.com). Advertisement in newspapers in this respect has also been published in English language and regional language i.e. Gujarati on 6<sup>th</sup> July, 2022. Shareholders are requested to claim the unclaimed dividend well before the due date. If unclaimed dividends are not claimed by the shareholders, shares covered by such unclaimed dividends will be transferred to IEPF. It may be noted that no claim shall lie against the Company in respect of shares so transferred to IEPF. Upon transfer, the shareholders will be able to claim these equity shares only from the IEPF authority as per the procedure prescribed under IEPF Rules, the details of which are available at [www.iepf.gov.in](http://www.iepf.gov.in).
- (c) Details of shares transferred to IEPF Authority are available on the website of the Company i.e. [www.patelsairtemp.com](http://www.patelsairtemp.com). The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

## **(3) COMMUNICATION IN RESPECT OF DEDUCTION OF TAX AT SOURCE ON DIVIDEND PAY OUT**

The Board of Directors of the Company at their meeting held on 28<sup>th</sup> May, 2022, have recommended a dividend of ₹2.80 per equity share of ₹ 10/- each (i.e. 28%), for the financial year ended March 31, 2022. This dividend is subject to approval of the shareholders at this Annual General Meeting.

Shareholders may note that pursuant to the changes in the Income Tax Act, 1961 ('the Act') as amended by the Finance Act, 2020, dividend income will be taxable in the hands of the shareholders and the Company is required to deduct tax at source (TDS) at the time of making the payment of dividend to shareholders at the following prescribed rates:

For Resident shareholders, taxes shall be deducted at source under Section 194 of the Act, as follows:

Valid PAN of shareholder available with the Company	10% or as notified by the Government of India
Shareholders without PAN/ invalid PAN with the Company	20% or as notified by the Government of India
Shareholder covered under Section 206AB as per utility prescribed by CBDT	20%

However, no tax shall be deducted on the dividend payable to a resident individual shareholder if the total dividend to be received by them during the financial year 2022-23 does not exceed ₹ 5,000/- and also in cases where shareholder provide valid Form 15G (applicable to any person other than HUF or a Company or a firm)/ Form 15H (applicable to an individual who is 60 years and older) subject to conditions specified in the Act. Shareholders may also submit any other document as prescribed under the Act to claim a lower/ nil withholding tax. PAN is mandatory for shareholders providing valid Form 15G/ Form 15H or any other documents as mentioned above. The formats of Form 15G/ Form 15H are also available on the website of our Registrar and Transfer Agent (RTA), Bigshare Services Private Limited at [www.bigshareonline.com](http://www.bigshareonline.com).

#### **For Resident Mutual funds and Insurance Company shareholders:**

In order to provide exemption from TDS on the dividend payable to a Mutual Fund as specified under Clause (23D) of Section 10 of the Act or an Insurance Company as specified in Section 194 of the Act, shareholders should submit the below document along with exemption notification, if any, as per the relevant provisions of the Act:

- Declaration by shareholder qualifying as Insurer as per Section 2(7A) of the Insurance Act, 1938
- Declaration by Mutual Fund shareholder eligible for exemption under Section 10(23D) of the Act
- Declaration by Category 1/11 Alternate Investment Fund (AIF) registered with SEBI

#### **Declaration for exemption under Circular 18/2017 of the Act:**

In case of any shareholder whose income is subject to lower rate of TDS, or is exempt under the Act, such shareholder is requested to submit the following documents, if eligible as per the relevant provisions of the Act, duly signed by the authorized signatory:

- Lower withholding tax certificate for the financial year 2022-23, if any obtained from the Income Tax authorities.
- In case the shareholder has obtained tax exemption status under any provisions of the Act, the documentary evidence along with declaration for the same

For Non-Resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the Act, non-resident shareholders may have an option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. In order to avail the benefits of DTAA, the non-resident shareholders will have to provide the following:

- Self-attested Tax Residency Certificate (TRC) for the financial year 2022-23, obtained from the tax authorities of the country of which the shareholder is a resident.
- Self-attested copy of PAN allotted by the Indian Income Tax authorities. In case of non-availability of PAN, information under sub-rule 2 of Rule 37BC to be submitted
- Self-declaration in Form 10F duly filled and signed

- Self-declaration from non-resident shareholder addressed specifically to the Company - primarily covering the following:
  - a. Non-resident is and will continue to remain a tax resident of the country of residence during the financial year 2022-23;
  - b. Non-resident is eligible to claim the benefit of respective tax treaty;
  - c. Non-resident has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
  - d. Non-resident receiving the dividend income is the beneficial owner of such income;
  - e. Dividend income is not attributable/ effectively connected to any permanent establishment (PE) or fixed base in India;
  - f. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self attested copy of SEBI registration certificate; and
  - g. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).
- Any other documents as prescribed under the Act for lower withholding tax if applicable, duly attested by the shareholder.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholder.

**Declaration by shareholders under Rule 37BA (2) of the Income Tax Rules, 1962:**

In order to enable the Company to provide credit of tax deducted at source to beneficial shareholders in whose hands dividend paid by Company is assessable, shareholders are requested to provide declaration in format as prescribed under Rule 37BA(2) of the Income Tax Rules, 1962

**Section 206AB of the Act**

Rate of TDS @10% under Section 194 of the Act is subject to provisions of Section 206AB of the Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in Section 206AB, tax is required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where Sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the tax return, the tax shall be deducted at the higher of the two rates prescribed in these two sections.

As per Central Board of Direct Taxes vide Circular No. 11 of 2021 dated 21<sup>st</sup> June 2021, for determining TDS rate on Dividend, the Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act. Rate of 20% will be applied for shareholders who are determined as specified person in Income tax department portal.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

**For all shareholders:**

Shareholders are requested to update tax residential status, permanent account number (PAN), registered email address, mobile numbers, Bank Account details and other details with their depository participants, in case the shares are held in dematerialized form. Shareholder holding shares in physical mode, are requested to furnish details to the Company's Registrar and Share Transfer Agent (RTA) at [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com) and [investor@bigshareonline.com](mailto:investor@bigshareonline.com).

The formats of above declarations are available on the website of RTA at [www.bigshareonline.com](http://www.bigshareonline.com). The aforementioned documents (duly completed and signed) are required to be submitted to the Company's RTA at [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com).

In order to enable us to determine the appropriate tax rate at which tax has to be deducted at source under the respective provisions of the Act, we request you to provide the above-mentioned details and documents as applicable to you on or before 17<sup>th</sup> September, 2022. The Company will arrange to e-mail a soft copy of TDS certificate at the shareholders registered e-mail ID in due course, post payment of the said dividend.

Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after 17<sup>th</sup> September, 2022.

Please note that for the purpose of complying with the applicable TDS provisions, the Company will rely on the above-mentioned information available as on 17<sup>th</sup> September, 2022 as per the details available with the Depositories/R & T Agent.

All the documents submitted by the shareholders will be verified by the Company and the Company will consider the same while deducting the appropriate taxes if they are in accordance with the provisions of the Act.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/ documents, option is available to the shareholder to file the return of income as per the Act, and claim an appropriate refund, if eligible. Further, it may kindly be noted that no claim shall lie against the Company for such Tax Deduction.

All communications/queries in this respect should be addressed to our RTA, Bigshare Services Private Limited at their e-mail ID: [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com).

Shareholders are further requested to complete necessary formalities to link their bank accounts to their demat accounts to enable the Company to make timely credit of dividend in respective bank account. For Shareholders who have not updated their Bank Account details, dividend warrants/demand drafts will be sent to their registered address by post/courier.

**Disclaimer:** Above communication on TDS only sets out the provisions of law in a summarized manner and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult their own tax advisors for the tax provisions applicable to their particular circumstances.



## DIRECTORS' REPORT

To,  
The Members,  
**PATELS AIRTEMP (INDIA) LIMITED**  
Ahmedabad

Your Directors have pleasure in presenting herewith the 30<sup>th</sup> Annual Report 2021-2022 together with the Audited Standalone & Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2022.

### FINANCIAL RESULTS (STANDALONE)

(₹ in lakhs except EPS)

Particulars	Year ended 31-03-2022	Year ended 31-03-2021
Revenue from Operations	30321.97	25540.20
Other Income	112.47	64.02
Total Income	30434.44	25604.22
Less: Depreciation & Amortisation Expenses	361.55	329.44
Finance Cost	901.51	798.10
Other Expenses	27487.95	22934.57
Total Expenses	28751.01	24062.11
Profit before Tax	1683.43	1542.11
Less :Tax Expenses	443.30	405.33
Net Profit for the year	1240.12	1136.78
Total Comprehensive Income for the year	1240.33	1122.87
Balance brought forward from previous year	8613.06	7616.94
Re-measurement benefit of defined Benefit plans	0.21	(13.91)
Profit available for Appropriation	9853.39	8739.81
Less: Dividend	126.76	126.76
Less: Tax on Dividend	--	--
Less Transfer to General Reserve	--	--
Surplus carried forward to Balance Sheet	9726.63	8613.05
Earning Per Share of ₹ 10/- each (₹)	24.46	22.42

### STATE OF COMPANY'S AFFAIRS (STANDALONE)

The Company has earned total revenue from operations of ₹ 30321.97 Lakhs during the year ended on 31<sup>st</sup> March, 2022 as against ₹ 25540.20 Lakhs earned during the previous year ended on 31<sup>st</sup> March, 2021. The Company has also earned other income of ₹ 112.47 Lakhs during the year under review as against ₹ 64.02 Lakhs earned during the previous year.

Out of the revenue from operations of ₹ 30321.97 Lakhs earned by the Company during the year under review, ₹ 29746.33 Lakhs represents sale of products (Domestic & Export), ₹ 134.84 Lakhs represents sale of Services (Processing Charges) and ₹ 440.80 Lakhs represents other operating revenue including export incentives.

The Company has incurred total expenses of ₹ 28751.01 Lakhs during the year ended on 31<sup>st</sup> March, 2022 as compared to ₹ 24062.11 Lakhs incurred during the previous year ended on 31<sup>st</sup> March, 2021.

The Company has earned the Profit before Tax of ₹ 1683.43 Lakhs during the year ended on 31<sup>st</sup> March, 2022 as compared to ₹ 1542.11 Lakhs earned during the previous year ended on 31<sup>st</sup> March, 2021.

The Company has earned Net Profit of ₹ 1240.12 Lakhs for the year ended on 31<sup>st</sup> March, 2022 after making Provision for Tax Expenses of ₹ 443.30 Lakhs and other adjustments, as compared to Net Profit of ₹ 1136.78 Lakhs earned by the Company during the previous year ended on 31<sup>st</sup> March, 2021.

After adding the Surplus in the Statement of Profit & Loss of ₹ 8613.06 Lakhs brought forward from the previous year to the net profit of ₹ 1240.12 Lakhs earned by the Company during the year under review and ₹ 0.21 Lakhs towards Remeasurement of defined benefit plan, the total amount of ₹ 9853.39 Lakhs is available for appropriation.

The Audited Standalone Financial Statements of the Company and all other documents required to be attached thereto have been included in the Annual Report 2021-2022, which has been put on the Company's website [www.patelsairtemp.com](http://www.patelsairtemp.com).

### OVERALL IMPACT OF COVID-19 PANDEMIC

Once again the fiscal year 2021-2022 was challenging year due to second wave of Covid-19 Pandemic and the country faced with lot of difficulties due to higher infections. Your Company remains primarily focused on technology innovation for the developing industry. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of Covid-19, the Company has used its internal and external sources of information and expects that the carrying value of the assets will be recovered and there is no significant impact on liabilities accrued other than those reported in the financial statements. Despite of the challenging situation in country, your Company with the support of works, employees and management of the Company has been able to effectively manage the operations till now with appropriate safety precautions, without any significant impact of second wave of Covid-19 on the business and able to achieve considerable improvements across the targets and achieved highest ever turnover during the financial year. However, the Management of the Company will continue to closely monitor situations and future economic conditions to ensure business continuity.

### EXPANSION UNDER NEW GREENFIELD PROJECT (DUDHAI UNIT)

In respect of new Greenfield project set up by the Company in the year 2019-2020 at Dudhai, Taluka. Kadi, Dist. Mehsana, Gujarat (Dudhai Unit) for dedicated manufacturing of Air Cooled Heat Exchanger/Air Fin Cooler and other engineering products, the Company has constructed additional two bays/shades (total four bays/shades) with total covered area of 11,016 Sq. Mtrs. (increased from 5900 Sq. Mtrs.), due to which, the total capital outlay of the said Unit has been further increased from around ₹19.10 crores to ₹ 24.00 crores.

With this, the Company has created additional infrastructure required for the purpose of taking care of a part of the production process and primarily removed the space constraints and the company is in a position to carry out the assembly operations in a cost effective and efficient manner.

### WHOLLY-OWNED SUBSIDIARY (WOS) (OVERSEAS SUBSIDIARY)

Members are aware that during the year 2019-2020, Patels Airtemp (USA) Inc. became Wholly Owned Subsidiary (WOS) of the Company on 13<sup>th</sup> January, 2020 by acquiring 100% Shares of Patels Airtemp (USA) Inc.

During the year under review, there are no significant transactions and arrangements entered into by the said Wholly Owned Subsidiary of the Company. Audit Committee and Board of Directors of the Company review quarterly unaudited financial results / statements of the said Wholly Owned Subsidiary. The Company monitors performance of its Wholly Owned Subsidiary, inter alia, by the Minutes of Board Meetings and General Meeting of the said Wholly Owned Subsidiary placed before the Company's Board.

As on 31<sup>st</sup> March, 2022, the Company did not have any material unlisted subsidiary as defined in Regulation 16 of SEBI Listing Regulations. Accordingly, the requirement of appointment of Independent Director of the Company on the Board of Directors of the material unlisted subsidiary companies as per Regulation 24 of SEBI Listing Regulations does not apply.

The Company has formulated a Policy for determining Material Subsidiaries. The Policy is put up on the Company's website and can be accessed at [www.patelsairtemp.com](http://www.patelsairtemp.com).

The Company has already filed an Annual Performance Report (APR) in Form ODI Part II with the Reserve Bank of India for the year ended 31<sup>st</sup> December, 2021 for its Overseas Direct Investment (ODI) in its Wholly Owned Subsidiary (WOS) Patels Airtemp (USA) Inc. APR for the year ended 31<sup>st</sup> December, 2021 was prepared on the basis of unaudited annual accounts of the said WOS, which has been adopted and ratified by the Board of Directors of the Company.

The Company has also filed an Annual Return on Foreign Liabilities and Assets (FLA) for the year 2021-2022 (as on 31<sup>st</sup> March, 2022) with Reserve Bank of India.

### **CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to the requirements of Section 129(3) read with Schedule III of the Companies Act, 2013 and Rules made thereunder and as stipulated by Regulation 33 of the Listing Regulations and applicable Indian Accounting Standards, the Consolidated Financial Statements of the Company and its Wholly Owned Subsidiary namely Patels Airtemp (USA) Inc. for the year ended 31<sup>st</sup> March, 2022 have been attached with the Financial Statements of the Company. The Audited Consolidated Financial Statements together with Auditors' Report form part of the Annual Report.

In accordance with the provisions of Section 136 of the Act and the amendments thereto, read with the SEBI Listing Regulations, the Audited Consolidated Financial Statements of the Company and all other documents required to be attached thereto have been included in the Annual Report 2021-2022, which has been put on the Company's website [www.patelsairtemp.com](http://www.patelsairtemp.com).

The Financial Statements of the Wholly Owned Subsidiary for the year ended 31<sup>st</sup> December, 2021, as required, are also put up on the Company's website and can be accessed at [www.patelsairtemp.com](http://www.patelsairtemp.com).

These documents will also be available for inspection on all working days, except Saturdays, during business hours, at the Company's Factory (Works) of the Company.

A statement containing the salient features of the financial statements of the Company's Wholly-Owned Subsidiary for the year ended 31<sup>st</sup> March, 2022 in the prescribed Form AOC-1 as per first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 and Rule 5 of the Companies (Accounts) Rules, 2014 is attached herewith as per **Annexure - A** and forms an integral part of this Report.

### **FUTURE PROSPECTS**

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 ₹ 456 Crores on hand as on 1<sup>st</sup> August, 2022. Thus your Directors are quite bullish on repeating similar performance in future. Your Directors are cautious and making untiring efforts so as not to compromise on growth, quality, and profitability of the Company.

### **CHANGE IN SHARE CAPITAL**

There is no change in the Share Capital of the Company during the year under review. During the year under review, the Company has not issued any shares.

### **DIVIDEND**

The Directors have recommended dividend of ₹ 2.80 per share (@ 28 %) on 50,70,240 Equity Shares of ₹ 10/- each of the Company out of the profits of the Company for the Financial Year ended 31<sup>st</sup> March, 2022 (2021-2022), as compared to Dividend of ₹ 2.50 per share (@ 25 %) declared for the previous Financial Year ended 31<sup>st</sup> March, 2021. This will absorb ₹ 141.97 lakhs.

A resolution to that effect has been placed for the approval of the members at this Annual General Meeting of the Company and that the same, when declared, shall be paid to the Members.

Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1<sup>st</sup> April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates, subject to the provisions of Income Tax Act, 1961. In this regard, the details regarding TDS have been mailed to the shareholders and have also been included in the Notice of AGM included in this Annual Report.

### TRANSFER TO RESERVE

In view of above, the Company has not transferred any amount to the General Reserve for the year ended on 31<sup>st</sup> March, 2022 and retain the entire amount of profits in the Profit & Loss Account.

### MATERIAL CHANGES AND COMMITMENTS

In terms of Section 134(3)(l) of the Companies Act, 2013, no material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this Report, except the overall impact of covid-19 pandemic as referred to above.

There has been no change in the nature of business of the Company.

### DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

The Company has not received any significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

### ANNUAL RETURN

Annual Return of the Company as on 31<sup>st</sup> March, 2022 as required under Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 in the prescribed Form MGT-7 is put up on the Company's website and can be accessed at [www.patelsairtemp.com](http://www.patelsairtemp.com).

### MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

In terms of provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report has been enclosed herewith as per **Annexure – B** and forming part of the Directors' Report.

### RECOGNITION OR AWARDS

Along with development of product design and product manufacturing application, the Company in its tenure of 49+ years continuously upgraded quality and product system by acquiring world's most recognized system like ISO 9001-2015, ASME (U2, U, S-Stamps).

The Company's products have ASME (American Society of Mechanical Engineers-USA) "U", "U2" and "S" Stamp authorization. The Company is also having "NB" and "R" Stamp. The Company is also a member of HTRI (Heat Transfer Research, Inc, U.S.A.) for updating Heat Transfer Technology.

The Company has licensed software of ANSYS, CREO, PVelite, Nozzle Pro and TEKLA for product development.

The Company is having ISO 9001-2015 certification from TUV-SUD.

Due to "U"/"U2"/"S" Stamp authorization, it is expected to improve the Quality of the products/equipment of the Company and to achieve higher growth and profitability of the Company in future.

## **FINANCE**

The Company is availing working capital facilities to the extent of ₹ 180 Crores (increased from ₹ 169 crores to ₹ 180 crores during the year 2021-2022) from Bank of Baroda and Axis Bank Ltd. under consortium arrangement. The Company has duly executed security documents such as Hypothecation, Mortgage and other documents in favour of Bank of Baroda and Axis Bank Ltd. for availing such enhanced / reviewed Working Capital facilities aggregating to ₹ 180 Crores and also filed forms regarding charges with ROC under MCA portal.

The Company has also availed/continue to avail additional Working Capital Term Loan (AWCTL) under BGECL scheme of ₹10.92 Crores from Bank of Baroda, SME Branch, Ahmedabad and under Emergency Credit Line Guarantee Scheme (ECLGS) of ₹ 3.25 Crores from Axis Bank, Main Branch, Ahmedabad. The Company has duly executed security documents such as Hypothecation, Mortgage and other documents in favour of Bank of Baroda and Axis Bank Ltd. for availing such facilities.

The Company is also availing Bill Discounting facility from Citibank NA.

During the year under review and consequent to closure of all current accounts, the Company has opened Overdraft (OD) Account against fixed deposit with various branches of Bank of Baroda to avail overdraft facility for such period(s) as may be considered expedient.

The Company also availed temporary excess/overdrawing facility in Cash Credit (CC) limit to the extent of ₹ 3.00 Crores as a temporary overdraft for a period of 30 days on urgent basis from Bank of Baroda.

## **ACCEPTANCE OF DEPOSITS**

During the year under review, the Company has not accepted any deposits from the Public and Members of the Company and therefore not required to comply with the requirement under the Companies Act, 2013 and the Rules made thereunder. As such, no amount of principal or interest was outstanding to the Public and Members of the Company as on 31<sup>st</sup> March, 2022 and the Company is not required to furnish information in respect of outstanding deposits under Non-banking, Non-financial Companies (Reserve Bank) Directions, 1966 and Companies (Accounts) Rules, 2014.

During the year under review, the Company has accepted deposits from the Directors of the Company which are exempted deposits under Rule 2(1)(c)(viii) of Companies (Acceptance of Deposits) Rules, 2014, subject to compliance of the provisions of the Companies Act, 2013 and the Rules made thereunder.

During the year under review, the Relatives of the Directors also brought in unsecured loan/deposits by way of contribution to bring additional long term funds as a part of conditions imposed by Bank of Baroda on the Promoters and their relatives, while reviewing working capital facilities to the Company vide its Letter No. AR/SMEBR/2021-22/July, 94 dated 7<sup>th</sup> August, 2021, which are exempted deposits under Rule 2(1)(c) (xiii) of Companies (Acceptance of Deposits) Rules, 2014.

Details of exempted deposits accepted and repaid by the Company including interest to the Directors & their Relatives during the financial year 2021-2022 are mentioned in Note No. 33 (Relate Party information) of the Notes to the Standalone Financial Statements attached with this Annual Report.

The Company has duly filed the required Form DPT-3 during the year under review regarding exempted deposits under MCA portal.

## **TRANSFER OF UNCLAIMED DIVIDEND TO IEPF**

In terms of the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF), as amended, during the year under review, the Company has transferred the amount of unclaimed/unpaid Dividend of ₹ 2,00,540/- for the financial year 2013-2014 to IEPF established by the Central Government under Section 124 & 125 of the Companies Act, 2013 and Rules made thereunder.



Pursuant to provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid / unclaimed amounts lying with the Company as on 28<sup>th</sup> September, 2021 (date of the previous Annual General Meeting) on the Company's website: [www.patelsairtemp.com](http://www.patelsairtemp.com).

### TRANSFER OF SHARES TO IEPF DEMAT AUTHORITY ACCOUNT

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2021-2022, transferred to the IEPF Authority 4,229 Equity Shares of the face value of ₹ 10/- each belonging to 36 Shareholders in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more from 2013-14 to 2019-20. Details of shares transferred to the IEPF Authority are available on the website of the Company [www.patelsairtemp.com](http://www.patelsairtemp.com). The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in). In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published newspaper advertisement. The voting rights on the shares transferred to IEPF Authority shall remain frozen till the rightful owner claims the shares.

Members may note that the dividend and shares transferred to the IEPF can be claimed back by the concerned shareholders from the IEPF Authority after complying with the procedure prescribed under the Rules.

The Company has duly appointed Company Secretary of the Company as Nodal Officer for the purposes of verification of claims and coordination with Investor Education and Protection Fund Authority.

The Company has duly filed all the required IEPF Forms with the authorities.

### CORPORATE GOVERNANCE

Being a Listed Company, the Company has taken necessary measures to comply with the provisions of Listing Regulations regarding Corporate Governance as amended from time to time. A separate report on Corporate Governance for the year ended 31<sup>st</sup> March, 2022 is attached herewith as a part of this Annual Report viz **Annexure - C**. A certificate from Statutory Auditors of the Company regarding compliance of the aforesaid provisions of Corporate Governance is obtained by the Company and annexed to the Corporate Governance Report. The Auditors' Certificate on Corporate Governance for the financial year 2021-2022 does not contain any qualification, reservation or adverse remark in respect of Corporate Governance Report.

The Company has furnished to BSE Ltd., where the Shares of the Company are listed, Corporate Governance Report for the Quarter/Half-year/Whole year during the financial year 2021-2022 as placed before the Board as per various provisions of SEBI Listing Regulations.

### DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the confirmation and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(C) and 134(5) of the Companies Act, 2013 and confirm that :

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2022, the applicable accounting standards read with requirements set out under Schedule III to the Act have been followed and there are no material departures from the same;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2022 and of the profit of the Company for the year ended on that date;

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts for the year ended on 31<sup>st</sup> March, 2022 on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **PARTICULARS OF LOAN GIVEN AND INVESTMENT MADE**

During the year under review, the Company has given loan of USD 5,000 to its Wholly Owned Subsidiary (WOS) Patels Airtemp (USA) Inc. and remitted through its Authorised Dealer Bank of Baroda for the purpose of meeting the expenses of day-to-day operations of USA Company.

Particulars of the loan given and investment made by the Company in its Wholly Owned Subsidiary (WOS) are provided in the Standalone Financial Statements of the Company (Please refer Note No. 4, 5 and 43 to the Standalone Financial Statements).

Except above, the Company has not provided any loan or guarantee or security to any person nor made any investment during the year under review.

#### **RELATED PARTY TRANSACTIONS (RPTs)**

Information on transactions with related parties referred to under sub-section (1) of Section 188 of the Companies Act, 2013 in the prescribed Form AOC-2 is attached herewith viz **Annexure - D** and forming part of the Directors' Report pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

Pursuant to the provisions of Listing Regulations, details of related party transactions entered into by the Company, in terms of Ind AS-24 have been disclosed in Note No. 33 of the Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022, forming part of this Report.

However, there are no materially significant related party transactions made/entered into by the Company with its related parties including promoters, directors or the management etc. that may have potential conflict with the interests of the Company at large.

"Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions" related to entering into Related Party Transactions by the Company with Related Parties is uploaded on the Company's website viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

All Related Party Transactions are placed before the Audit Committee (approved by Independent Directors only from 1<sup>st</sup> January, 2022 as per amendment in SEBI Listing Regulations) as also to the Board for approval including Omnibus approval for the transactions for one financial year, which are repetitive in nature and also for the transactions, which are not foreseen (subject to financial limit). However, the Company has not entered into any contract/ arrangement / transaction with related parties which could be considered material in accordance with the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder and Listing Regulations and as such no approval of the Shareholders require.

The Company has duly filed with BSE half-yearly on consolidated basis details of Related Party Transactions entered into by the Company and uploaded the said details on its web-site viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

## SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder and Articles of Association, Mr. Sanjivkumar N. Patel (DIN: 02794095), Managing Director of the Company, shall retire by rotation as Director of the Company at this Annual General Meeting, and being eligible, offers himself for re-appointment, for which necessary resolution has been incorporated in the notice of the meeting. The Board of Directors recommends re-appointment of Mr. Sanjivkumar N. Patel (DIN: 02794095) as Director of the Company. The brief resume/details relating to the said Director, who is to be re-appointed are furnished in the Notes to the Notice of the Annual General Meeting.

Mr. Shivang P. Patel (DIN: 08136652) has been re-appointed as Whole-time Director of the Company for a further period of 3 years with effect from 1<sup>st</sup> June, 2022 up to 31<sup>st</sup> May, 2025, upon the terms and conditions including Salary of ₹ 4,00,000/- per month plus perquisites and allowances ("remuneration") for the said period of 3 years as recommended and approved by Nomination & Remuneration Committee and Board of Directors and also approved by the Shareholders by passing Special Resolution through Postal Ballot.

The remuneration payable to (i) Mr. Narayanbhai G. Patel (DIN: 00023107), Chairman & Whole-time Director and (ii) Mr. Sanjivkumar N. Patel, Managing Director of the Company, has been increased from ₹ 3,00,000/- per month to ₹ 4,00,000/- per month plus perquisites and allowances for the remaining period from 1<sup>st</sup> June, 2022 to 19<sup>th</sup> May, 2023 as recommended and approved by Nomination & Remuneration Committee and Board of Directors and also approved by the Shareholders by passing Special Resolutions through Postal Ballot.

The remuneration payable to Mr. Apurva V. Shah (DIN: 08197983), Whole-time Director of the Company, has also been increased from ₹ 2,30,000/- p.m. to ₹ 2,90,000/- p.m. plus perquisites and allowances, for the period from 1<sup>st</sup> January, 2022 to 10<sup>th</sup> August, 2024 as recommended and approved by Nomination & Remuneration Committee and Board of Directors and also approved by the Shareholders by passing an Ordinary Resolution through Postal Ballot.

## COMMITTEES OF DIRECTORS

The Board of Directors has the following Committees:

1. Audit Committee (AC)
2. Nomination and Remuneration Committee (NRC)
3. Stakeholders' Relationship Committee (SRC)
4. Corporate Social Responsibility Committee (CSR)

The details of various Committees of Directors constituted by the Board of Directors under various provisions of Companies Act, 2013 and Rules made thereunder and Listing Regulations, Meetings & Attendance, terms of reference and other details are provided in the Corporate Governance Report annexed with the Directors' Report.

The composition of various Committees and their terms of references may be accessed on the Company's website viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

## BOARD EVALUATION

The Board has carried out an evaluation of its own performance and that of its Committees and Directors and also Chairperson in terms of Section 134(3)(p) of the Companies Act, 2013 and Rules made thereunder and Listing Regulations. The Board has approved a policy (NRC Policy) for criteria of determining qualifications,

selection, appointment and remuneration of Directors, KMP and Senior Management and the same has been uploaded on the Company's web-site [www.patelsairtemp.com](http://www.patelsairtemp.com).

In a separate meeting of independent Directors held on 30<sup>th</sup> March, 2022, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors and assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Policy on appointment and remuneration of Directors, KMP and other employees and other matters as required under Section 178(3) of the Companies Act, 2013 is available on the web-site of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

#### **NUMBER OF BOARD MEETINGS**

During the financial year 2021-2022, 6 (Six) Board Meetings of the Company were held on 8<sup>th</sup> June, 2021, 19<sup>th</sup> June, 2021, 10<sup>th</sup> August, 2021, 13<sup>th</sup> November, 2021, 31<sup>st</sup> December, 2021 & 14<sup>th</sup> February, 2022.

For the Board Meetings held as above, the gap between two Board Meetings did not exceed 120 days as prescribed in the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations. The Board Meetings were generally held at the Factory (Works) of the Company situated at Rakanpur, Dist. Gandhinagar, Gujarat.

The particulars of number of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report. Agenda of the meetings were prepared and all necessary papers were circulated to Members of the Board in advance. Necessary disclosures were made by the Directors in the Board and Committee Meetings whenever required. The Company has complied with Secretarial Standards 1 (SS-1) related to Board and Committee Meetings of the Company.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the **Annexure – E** attached herewith and forming part of the Directors' Report.

#### **RISK MANAGEMENT**

Business risk evaluation and management, covering the business operations of the Company, is an ongoing process within the Company and the management reviewed frequently risk assessment and to minimize them. The ultimate goal of risk management is the preservation of physical and human assets of the organization for successful continuation of its operations. Pursuant to the provisions of Regulation 21 of SEBI Listing Regulations, at present, the Company is not required to constitute Risk Management Committee of the Directors of the Company.

#### **CORPORATE SOCIAL RESPONSIBILITY**

In terms of provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, a Committee of the Directors of the Company has been constituted as Corporate Social Responsibility (CSR) Committee. CSR Committee has formulated a policy on the Corporate Social Responsibility measures to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 as amended from time to time. The Corporate Social Responsibility Policy is available on the Company's web-site viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

The salient features of the Policy forms part of the Annual Report on CSR activities annexed to the Board's Report.

The Company continues its endeavour to improve the lives of people and provide opportunities for their holistic development through its different initiatives in the areas of (i) promotion of health care, including preventive health care, sanitation and disaster management (ii) promoting rural development, (iii) promoting education, Social Development/Services, Environment, etc., contribution to Educational Trust & Skill Development Program, employment enhancing vocation skills among children, woman, elderly and differently abled persons, and Education related activities for bright & poor students, (iv) eradicating hunger, poverty and malnutrition (v) purchase of Oxygen cylinders for COVID-19 patients, (vi) promoting sports related activities such as Rural Sports, National Sports, Paralympics Sports and Olympic Sports.

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules") and in accordance with the CSR Policy, during the year 2021-2022, your Company had spent the amount of ₹ 27,50,000/- as against requirement of ₹ 27,15,183/- towards CSR activities, i.e. ₹ 34,817/- in excess, which will be adjusted against the CSR contribution for the financial year 2022-2023, which has been duly approved by the Board of Directors.

The Annual Report on CSR activities and expenditure, as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014, is annexed herewith marked as **Annexure - F**.

The Chief Financial Officer (CFO) of the Company has issued Certificate that the full amount has been utilized and spent by the Company towards CSR activities during the financial year 2021-2022 as per CSR policy and as specified in Scheduled VII of the Companies Act, 2013 and as approved by CSR Committee and Board of Directors.

MCA vide notification dated 11<sup>th</sup> February, 2020 has amended the Companies (Accounts) Rules, 2014 which requires companies falling under the provisions of section 135 of the Companies Act, 2013, to furnish a report on CSR to Registrar in form CSR-2. In this regard, the Company has duly filed form CSR-2 before 31<sup>st</sup> March, 2022.

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

The Company's internal control system is commensurate with its size, scale and complexities of its operations.

## STATUTORY AUDITORS & AUDIT REPORT

M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad (Firm Registration No. 113742W), were appointed as Statutory Auditors of the Company at the 25<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> September, 2017 for a term of 5 consecutive years up to the conclusion of this 30<sup>th</sup> Annual General Meeting of the Company.

Considering that the tenure of M/s. Shah & Shah Associates will come to an end upon conclusion of the 30<sup>th</sup> AGM as above, the Board of Directors in its meeting held on 13<sup>th</sup> August, 2022, on recommendation of Audit Committee and subject to approval of the Members, has appointed M/s. Parikh & Majmudar, Chartered Accountants, Ahmedabad (Firm Registration No. 107525W) as the Statutory Auditors of the Company, to hold office as such for a first term of 5 consecutive years from the conclusion of this 30<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 35<sup>th</sup> Annual General Meeting to be held in the year 2027.

The above proposal forms part of the Notice of the AGM for your approval.

No fraud has been reported by the Auditors under Section 143(12) of the Companies Act, 2013 requiring disclosure in the Board's Report, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.



The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

During the Financial Year 2021-22, the Company has paid total fees of ₹ 4,57,000 including statutory audit fees, certification fees, fees for other services and re-imbursement of expenses to M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company.

#### SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Section 204 of the Companies Act, 2013 and Rules made thereunder inter alia requires every Listed Company to annex with its Board Report a Secretarial Audit Report given by a Company Secretary in Practice in the prescribed form. The Board appointed Mr. Punit Lath, Practicing Company Secretary, Ahmedabad (COP No. 11139 & Membership No. 26238) as the Secretarial Auditor to conduct Secretarial Audit of the records of the Company for the financial year 2021-2022 and to submit his report to the Company. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2022 is annexed herewith marked as **Annexure – G** to this Report.

The Board at its meeting held on 14<sup>th</sup> February, 2022, has re-appointed Mr. Punit Lath as Secretarial Auditor, for conducting Secretarial Audit of the Company for the financial year 2022-2023. The Company has received his written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder.

The Secretarial Audit Report for the financial year 2021-2022 does not contain any qualification, reservation or adverse remark. During the year under review, the Secretarial Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

#### COMPLIANCE CERTIFICATE

The Company has also received Secretarial Compliance Report for the year ended 31<sup>st</sup> March, 2022 from Mr. Punit Lath (COP No. 11139 & Membership No. 26238), Practicing Company Secretary and duly filed with BSE Ltd., in respect of compliance with the provisions of :

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India ("SEBI").

#### COST AUDIT

Pursuant to Section 148(2) of the Companies Act, 2013 read with the Companies (Cost Records and Audit), Amendment Rules 2014, your Company is required to get its cost accounting records audited by a Cost Auditor.

Accordingly, the Board at its meeting held on 28<sup>th</sup> May, 2022, has on the recommendation of the Audit Committee, appointed M/s. Rajendra Patel & Associates, Cost Accountant, Ahmedabad (Firm Registration No. FRN101163) to conduct the audit of the cost accounting records of the Company for FY 2022-2023 on a remuneration of ₹ 70,000/- plus taxes as applicable and reimbursement of actual travel and out of pocket expenses. The remuneration is subject to the ratification of the Members in terms of Section 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and is accordingly placed for your ratification. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder and confirmed that their appointment is within the limits of the Section 139 of the Companies Act, 2013. They have also certified that they are free from any disqualifications specified under Section 141 of the Companies Act, 2013.

The Cost Audit Report for the Financial Year ended 31<sup>st</sup> March, 2021 has been duly filed in XBRL mode. The cost audit report of the Company for financial year ended 31<sup>st</sup> March, 2022 will be filed with Central Government on or before the due date as prescribed under Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014.

### INTERNAL AUDIT

Pursuant to the provisions of Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations, the Audit Committee reviews quarterly the Report of internal audit received from Internal Auditor of the Company relating to internal control weakness, if any, as mentioned in the Internal Audit Report.

### LISTING FEES

Pursuant to the provisions of SEBI Listing Regulations, the Company declares that the Equity Shares of the Company are listed on the BSE Limited (BSE). The Company confirms that it has paid Annual Listing Fees to BSE up to the Financial Year 2022-2023.

### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Disclosures relating to remuneration and other details required under Section 197(12) of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is annexed as **Annexure - H** and forms an integral part of this Report.

A statement showing the names of top 10 employees in terms of remuneration drawn as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is annexed as **Annexure - H** and forms an integral part of this Report.

The Statement of particulars of employees under Section 197(12) read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is not provided with as, during the financial year under review, no employee of the Company including Whole-time Directors and Managing Directors were in receipt of remuneration in excess of the limits set out in the said rules.

### WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report any act of serious misconduct or wrongful activity being occurred or suspected to occur within the organization, to his immediate HOD or the HR Head or directly to the concern Whole-time Directors or Managing Directors of the Company, as he may desire. No employee of the Company is denied access to the Audit Committee. The vigil mechanism/whistle blower policy is also available on the web-site of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com). During the year under review, the Company has not received any whistle blower complaint.

### DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. All employees (permanent, contractual, temporary, trainees) are covered under the said Policy.

No complaints pertaining to sexual harassment were received during the financial year 2021-2022.

## **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these matters during the year under review:

- During the year under review, there was no change in the nature of business of the Company, and there is no material change and/or commitments, affecting the financial position of the Company, during the period from 31<sup>st</sup> March, 2022 till the date of this report.
- The Company does not provide any loan or other financial arrangement to its employees or Directors or Key Managerial Personnel for purchase of its own shares and hence, the disclosure under Section 67(3)(c) of the Companies Act, 2013 does not require.
- The disclosure in terms of Rule 4 of Companies (Share Capital and Debenture) Rules, 2014 is not provided, as the Company does not have any equity shares with differential voting rights.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- The Company has not issued any shares under any scheme including Employees' Stock Options Schemes or Sweat Equity Shares to employees of the Company.
- Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from its subsidiary.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of one time settlement with any Bank or Financial Institution.

## **ACKNOWLEDGEMENT**

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

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

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

**By order of the Board of Directors**

Date : 13<sup>th</sup> August, 2022  
Place : Rakanpur, Dist. Gandhinagar

**NARAYANBHAI G. PATEL**  
**Chairman & Whole-time Director**

**Annexure – A**  
**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013  
read with Rule 5 of the Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of Subsidiary**

**Part A: Wholly Owned Subsidiary (WOS)**

(₹ in Lakhs)

<b>1</b>	<b>Name of the subsidiary</b>	<b>:</b>	<b>Patels Airtemp (USA) Inc.</b>
2	The date since when subsidiary was acquired	:	13 <sup>th</sup> January, 2020
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	:	31 <sup>st</sup> December, 2021
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries	:	US Dollar 1 = ₹ 75.80
5	Share Capital	:	7.18
6	Other Equity	:	(4.68)
7	Total Assets	:	14.71
8	Total Liabilities	:	14.71
9	Investments	:	NIL
10	Turnover	:	NIL
11	Profit/(Loss) before Taxation	:	(3.60)
12	Provision for Taxation	:	NIL
13	Profit/(Loss) after Taxation	:	(3.60)
14	Proposed Dividend	:	NIL
15	% of Shareholding	:	100.00

**Note :**

1. Patels Airtemp (USA) Inc. is yet to commence operations.
2. No Subsidiary Company which have been liquidated or sold during the year.

**Part B: Associates and Joint Ventures**

**Statement pursuant to Section 129(3) of the Companies Act, 2013  
related to Associate Companies and Joint Ventures**

The Company does not have any Associates or Joint Ventures Company.

For and on behalf of the Board of Directors

**Narayanbhai G. Patel**  
Chairman & Whole Time Director  
DIN:00023071

**Sanjivkumar N. Patel**  
Managing Director  
DIN:02794095

Place :Rakanpur, Dist. Gandhinagar  
Date: 28<sup>th</sup> May, 2022

**Kamlesh R. Shah**  
Chief Financial Officer

**Nikhil M. Patel**  
Company Secretary

**ANNEXURE-B TO DIRECTORS' REPORT  
MANAGEMENT DISCUSSION AND ANALYSIS**

**ECONOMIC OUTLOOK**

The last two years have been difficult for the world economy on account of COVID-19 pandemic. The world economic face weaker position in Q1 & Q2 of financial year 2021-2022, due to new Omicron COVID-19 variant spreads. Due to policy support in advanced economic, availability of vaccines and relaxation of pandemic, restrictions helped the global economy recovered strongly from Q3 of financial year 2021-2022. Global economy growth is estimated to have increase by 6.1% in 2021 despite of worsening impact of supply chain.

Further, due to ongoing geopolitical tension and war between Russia and Ukraine, the war has triggered a costly humanitarian crisis that demands peaceful resolutions. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected.

Despite these turbulences, India's GDP grew by 8.7% in financial year 2021-2022 against a contraction of 6.6% registered in previous year. Despite of amidst the challenges due to COVID-19 pandemic, the India Government introduced various policies to cushion the impact on the Indian economy and people of helpless society and the business sector. With improved vaccination efforts and various Governments policies, the Indian economy bounced back faster than anticipated. The India is in a better position to withstand the challenges, as in the past, due to its structural reforms and thoughtful fiscal motivation and support from Government.

**FINANCIAL AND OPERATIONAL PERFORMANCE**

The engineering sector is the largest of the industrial sector in India. India's engineering sector is divided in to two major segments – Heavy Engineering and Light Engineering.

Your Company is engaging in single segment namely engineering business. The Company has commenced its ever progressing journey with expertise of Design and Manufacturing of process equipments. This discussion, therefore, covers the financial results and other developments during April 2021 to March 2022, in respect of the Company.

Once again the financial year 2021-2022 was challenging year due to second wave of Covid-19 pandemic. Despite of the challenging situation in country, your Company with the support of works, employees and management of the Company has been able to effectively manage the operations till now with appropriate safety precautions, without any significant impact of second wave of Covid-19 on the business and able to achieve considerable improvements across the targets and achieved highest ever turnover during the financial year.

The Company has earned total revenue from operations of ₹ 30321.97 Lakhs during the year ended on 31<sup>st</sup> March, 2022 as against ₹ 25540.20 Lakhs earned during the previous year ended on 31<sup>st</sup> March, 2021. The Company has also earned other income of ₹ 112.47 Lakhs during the year under review as against ₹ 64.02 Lakhs earned during the previous year.

Out of the revenue from operations of ₹ 30321.97 Lakhs earned by the Company during the year under review, ₹ 29746.33 Lakhs represents sale of products (Domestic & Export), ₹ 134.84 Lakhs represents sale of Services (Processing Charges) and ₹ 440.80 Lakhs represents other operating revenue including export incentives.

The Company has incurred total expenses of ₹ 28751.01 Lakhs during the year ended on 31<sup>st</sup> March, 2022 as compared to ₹ 24062.11 Lakhs incurred during the previous year ended on 31<sup>st</sup> March, 2021.



The Company has earned the Profit before Tax of ₹ 1683.43 Lakhs during the year ended on 31<sup>st</sup> March, 2022 as compared to ₹ 1542.11 Lakhs earned during the previous year ended on 31<sup>st</sup> March, 2021.

The Company has earned Net Profit of ₹ 1240.12 Lakhs for the year ended on 31<sup>st</sup> March, 2022 after making Provision for Tax Expenses of ₹ 443.30 Lakhs and other adjustments, as compared to Net Profit of ₹ 1136.78 Lakhs earned by the Company during the previous year ended on 31<sup>st</sup> March, 2021.

## FINANCIAL RATIOS

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the key financial ratios of the Company and comparison to previous year has been provided in Note No. 45(x) to standalone financial statements of the Company.

## INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is operating in single segment business namely engineering. 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 in India and 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 able to achieve considerable improvements across the targets and achieved highest ever turnover during the financial year even in highly cut-thought competition and the prevailing market conditions.

## PERFORMANCE OF PRODUCT

The Company is operating in one segment namely in engineering having extensive range of products. Along with the development of product design and product manufacturing application, the Company in its tenure of 49+ years continuously upgraded quality and product system by acquiring world's most recognized system like ISO 9001-2015, ASME (U2, U, S-Stamps).

The Company's products have ASME (American Society of Mechanical Engineers-USA) "U", "U2" and "S" Stamp authorization. The Company is also having "NB" and "R" Stamp. The Company is also a member of HTRI (Heat Transfer Research, Inc, U.S.A.) for updating Heat Transfer Technology.

The Company has licensed software of ANSYS, CREO, PVelite, Nozzle Pro and TEKLA for product development.

The Company is having ISO 9001-2015 certification from TUV-SUD.

Due to "U"/"U2"/"S" Stamp authorization, it is expected to improve the Quality of the products/equipment of the Company and to achieve higher growth and profitability of the Company in future.

## FUTURE OUTLOOK

In the interdependent world we live in an age of unpredictability. It appeared that the world had come out from the COVID-19 pandemic and that the worst was behind us tension and war between Russia and Ukraine. This has disrupted the global supply chains and triggered an alarming spike in prices. The consensus view is that prices of various commodities would remain elevated in the near term. The opportunities for our company business remain positive for order booking prospects. The strong growth movement in the short terms as well as long terms due to continuing enquiries from current and new clients from Domestic and Export Market.

In respect of new Greenfield project set up by the Company in the year 2019-2020 at Dudhai, Taluka. Kadi, Dist. Mehsana, Gujarat (Dudhai Unit) for dedicated manufacturing of Air Cooled Heat Exchanger/Air Fin Cooler and other engineering products, the Company has constructed additional two bays/shades (total four bays/shades) with total covered area of 11,016 Sq. Mtrs. (increased from 5900 Sq. Mtrs.), due to which, the total capital outlay of the said Unit has been further increased from around ₹19.10 crores to ₹ 24.00 crores.

With this, the Company has created additional infrastructure required for the purpose of taking care of a part of the production process and primarily removed the space constraints and the company is in a position to carry out the assembly operations in a cost effective and efficient manner.

Your Company has confirmed orders of about of ₹ 456 Crores on hand as on 1<sup>st</sup> August, 2022. Your Directors are cautious and making untiring efforts so as not to compromise on growth, quality, and profitability of the Company.

### **OPPORTUNITIES**

With the expansion of infrastructure in Dudhai Unit there are number of new opportunities are available to the Company to enhance the various products, enter into new market and industry sectors both in the domestic and international market through Export. Export in the developed countries like USA, Canada & Europe and other countries like Nigeria, Indonesia, Zambia 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**

As per the nature of our business, your Company often exposed to various risks owing to the changing market and volatility external environment. As 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 and effective 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. Our internal control system ensures that all business transactions are recorded in a timely manner, resources are utilized effectively and our assets are safeguarded. Internal Audit is conducted by experienced Chartered Accountants in close coordination with company's Accounts and other departments of the Company. The Audit Committee formed by the Company review the compliance with the Company's policies, procedures and prevailing laws.

### **INDUSTRIAL RELATION & HUMAN RESOURCES**

The Company believes that the Company future will grow when its employees and works are grows. Human Capital is true assets for smooth functioning of business activities and greatest tool for shaping the

future growth of Company. 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. To enrich the skills of employees and enrich their experience, the Company arranges, Practical Training Courses by Internal and External Faculties. Due to the employees' friendly working environment, performance oriented work and performance appraisal on yearly bases, it attract and retain the best employees in the Company. As on 31<sup>st</sup> March, 2022, the Company has 202 employees including workers on the roll of the Company.

During the first and second wave of COVID-19 pandemic, the Company has taken various initiatives to keep employees and works wellness at high levels. Team of HR and Safety has constitutionally tracking and monitoring the health of employees and works including their family members. They have also pursued vaccination of our employees, works and their family members and as per record maintained by them vaccination coverage achieved over 99% of our employees, works and their family members.

### **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. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, economic developments, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints.

**Annexure - C**  
**CORPORATE GOVERNANCE REPORT**

**Report on Corporate Governance for the year ended on 31<sup>st</sup> March, 2022 (2021-2022) pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time**

In September, 2015, the Securities and Exchange Board of India (SEBI) introduced comprehensive Regulations, namely, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (herein after referred to as “**SEBI LODR**” or “**SEBI Listing Regulations**”), in place of Listing Agreement with Stock Exchanges, which have come into force from 1<sup>st</sup> December, 2015 and thereafter amended from time to time and detailed report on Corporate Governance is set out below as per Listing Regulations complying with Regulation 17 to 27 read with Schedule V and Clause (b) to (i) of Regulation 46(2) of SEBI Listing Regulations.

This report is prepared in accordance with the provisions of SEBI Listing Regulations and the report contains the details of Corporate Governance systems and processes at Patels Airtemp (India) Limited (“**the Company**”).

**1. CORPORATE GOVERNANCE PHILOSOPHY:-**

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

Traditional views of governance as a regulatory and compliance requirement have given a way for adoption of governance as an integral part of the Company. 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 endeavor to ensure transparency, control and accountability, in all areas of its operations.

Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are:

- Code of Conduct for Directors and Senior Management Personnel
- Code of Conduct for Prohibition of Insider Trading
- Vigil Mechanism and Whistle Blower Policy
- Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- Corporate Social Responsibility Policy
- Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Policy for Preservation of Documents
- Policy on Determination and Disclosure of Materiality of Events and Information

**2. BOARD OF DIRECTORS:-**

**(i) Composition and category of Directors as on 31<sup>st</sup> March, 2022:-**

As per SEBI Listing Regulations, the Board of Directors of the Company comprises of the combination of Executive and Non-Executive Directors. Out of total strength of 8 (Eight) Directors as on 31<sup>st</sup> March, 2022, 4 (Four) Directors are Executive Directors and 4 (Four) Directors are Non-Executive Independent Directors. The Chairman of the Board is Promoter-Executive Director. Fifty per cent of the Board of Directors is comprise of Non-Executive Independent Directors including one Independent Woman Director. The members of the Committees like Audit Committee (AC), Nomination & Remuneration Committee (NRC), Stakeholders' Relationship Committee (SRC) and

Corporate Social Responsibility (CSR) Committee comprise majority of Independent Directors with Chairman of all Committees, being Independent Director. The composition of the Board is in conformity with Regulation 17 of SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.

The Chairman provides overall direction and guidance to the Board. In the operations and functioning of the Company, the Chairman also a Whole-time Director is assisted by other three Executive Directors and a core group of senior level executives. The Chairman guides the Board for effective governance structure in the Company. In doing so, the Chairman presides at the meetings of the Board and the Shareholders of the Company.

The Chairman takes a lead role in managing the Board and facilitating effective communication among Directors. The Chairman is responsible for matters pertaining to governance, including the organization and composition of the Board, the organization and conduct of Board meetings, effectiveness of the Board, Board Committees and individual Directors in fulfilling their responsibilities.

The Company Secretary assists the Chairman in management of the Board's administrative activities such as meetings, schedules, agendas, communication and documentation. The Company Secretary plays a key role in ensuring that the Board (including Committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings.

The composition of the Board as on 31<sup>st</sup> March, 2022, details of other Directorship in other listed entity and Committee Membership/Chairmanship held by them in other Public Companies, are given below as per circular issued by Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India (SEBI):-

Sr. No.	Name of Director & Category	Designation	Number of other Directorship and other Committee Membership / Chairpersonship held in other Public Companies			Particulars of Directorship in other Listed Entities	
			Directorship	Committee Membership	Committee Chairmanship	Name of Company	Category of Directorship
Executive Directors							
1.	Mr. Narayanbhai G. Patel	Chairman & Whole-time Director	NIL	NIL	NIL	NIL	NIL
2.	Mr. Sanjivkumar N. Patel	Managing Director	NIL	NIL	NIL	NIL	NIL
3.	Mr. Apurva V. Shah #	Whole-time Director	NIL	NIL	NIL	NIL	NIL
4.	Mr. Shivang P. Patel ##	Whole-time Director	NIL	NIL	NIL	NIL	NIL
Non-Executive Directors							
5.	Mr. Hareshkumar I. Shah	Independent Director	NIL	NIL	NIL	NIL	NIL
6.	Mrs. Vinaben B. Patel	Independent Director	NIL	NIL	NIL	NIL	NIL
7.	Mr. Himanshu N. Rawal	Independent Director	NIL	NIL	NIL	NIL	NIL
8.	Mr. Rajendrakumar C. Patel	Independent Director	1	2	NIL	Praveg Communications (India) Limited	Independent Director



**Note:**

- # Mr. Apurva V. Shah has been re-appointed as Whole-time Director of the Company for a further period of 3 years with effect from 11<sup>th</sup> August, 2021 to 10<sup>th</sup> August, 2024.
- ## Mr. Shivang P. Patel has been re-appointed as Whole-time Director of the Company for a further period of 3 years with effect from 1<sup>st</sup> June, 2022 up to 31<sup>st</sup> May, 2025.

Except Mr. Rajendrakumar C. Patel, Non-Executive Independent Director as above, None of the other Directors of the Company serve as Director including Independent Director in any other public limited company including other listed companies and none of the Executive Directors serve as Independent Director on any listed company as required under Regulation 17A of SEBI Listing Regulations.

Further, none of the Independent Directors serve as Non-Independent Director of any company on the board of which any of our Non-Independent Director is an Independent Director. Further, none of the Directors acts as a member of more than 10 (Ten) committees or acts as a chairman of more than 5 (Five) committees across all Public Limited Companies in which he/she is a Director as required under Regulation 26(1) of SEBI Listing Regulations. Necessary disclosures have been made by the Directors.

The number of directorship(s), committee membership(s) / chairmanship(s) of all Directors is / are within the respective limits prescribed under the Companies Act, 2013 and SEBI Listing Regulations.

All Directors of the Company have been allotted DIN and whose DIN status is 'Approved' and filed their KYC Form DIR-3.

**(ii) Relationship between the Directors:-**

Mr. Narayanbhai G. Patel, Chairman & Whole-time Director, is a father of Mr. Sanjivkumar N. Patel, Managing Director of the Company and grandfather of Mr. Shivang P. Patel, Whole-time Director of the Company.

None of the other Directors are related to any other Director on the Board.

**(iii) Shares held by Non-Executive Directors:-**

Mrs. Vinaben B. Patel, Non-Executive Independent Director, holds 1,079 Equity Shares of ₹ 10/- each of the Company (0.02% of Share Capital). None of the other Non-Executive Directors held the Shares in the Company.

**(iv) Number of Board Meetings held and the dates on which held :-**

The mandatory requirement of holding of Board Meeting of the Company within the prescribed interval provided in Section 173 Companies Act, 2013 read with Regulation 17(2) of SEBI Listing Regulations, is that the Directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days (120 days) between any two meetings.

During the financial year 2021-2022, 6 (Six) Board Meetings of the Company were held on 8<sup>th</sup> June, 2021, 19<sup>th</sup> June, 2021, 10<sup>th</sup> August, 2021, 13<sup>th</sup> November, 2021, 31<sup>st</sup> December, 2021 and 14<sup>th</sup> February, 2022. The Board Meetings were generally held at the Factory (Works) of the Company situated at Rakanpur, Dist. Gandhinagar, Gujarat.

For the Board Meetings held as above, the gap between two Board Meetings did not exceed 120 days as prescribed in the Companies Act, 2013 and SEBI Listing Regulations.

No circular resolution has been passed by the Board of Directors during the financial year 2021-2022.

Attendance of Directors at the Board Meeting and the 29<sup>th</sup> Annual General Meeting (AGM) of the Company held on 28<sup>th</sup> September, 2021 are as under:

Name of Director	Total Board Meeting held during the year	Attendance	
		Board Meeting	29 <sup>th</sup> AGM held on 28 <sup>th</sup> September, 2021
Mr. Narayanbhai G. Patel	6	6	Yes
Mr. Sanjivkumar N. Patel *	6	6	Yes
Mr. Apurva V. Shah	6	6	Yes
Mr. Shivang P. Patel	6	6	Yes
Mr. Hareshkumar I. Shah	6	6	Yes
Mrs. Vinaben B. Patel	6	6	No
Mr. Himanshu N. Rawal	6	6	No
Mr. Rajendrakumar C. Patel *	6	6	Yes

**Note:**

Due to the exceptional circumstances caused by the COVID-19 pandemic and subsequent relaxations given by the MCA & SEBI, the 29<sup>th</sup> AGM of the Company as above was held through video conferencing (VC) / other audio visual means ("OAVM").

\* Mr. Sanjivkumar N. Patel, Managing Director and Mr. Rajendrakumar C. Patel, Independent Director of the Company were present in the 29<sup>th</sup> AGM through video conferencing (VC).

**(v) Performance Evaluation of the Board as a whole, its Committees and Directors**

The Companies Act, 2013 and SEBI Listing Regulations contain broad provisions on Board Evaluation i.e. evaluation of the performance of (i) the Board as a whole, (ii) Individual Directors (including Independent Directors and Chairperson) and (iii) various Committees of the Board. The purpose is to improve their overall performance as well as corporate governance standards to benefit all stakeholders.

During the financial year 2021-2022, the Board of Directors of the Company in their meeting held on 8<sup>th</sup> June, 2021 has carried out the evaluation of the performance of (i) the Board as a whole, (ii) Individual Directors (including Independent Directors and Chairperson) and (iii) various Committees of the Board.

The Board has carried out an evaluation of its own performance and that of its Committees and Directors and also Chairperson in terms of Section 134(3)(p) of the Companies Act, 2013 and Rules made thereunder and SEBI Listing Regulations for the year 2021-2022 after taking into consideration the observations made for the previous year 2020-2021. The Nomination and Remuneration policy (NRC Policy) for criteria of determining qualifications, selection, appointment and remuneration of Directors, KMP and Senior Management and the same has been uploaded on the Company's website [www.patelsairtemp.com](http://www.patelsairtemp.com).

Nomination and Remuneration Committee (NRC) of the Board, as and when required, carried out performance evaluation of Independent Directors and Managing Directors and Whole-time Directors of the Company at the time of their appointment/re-appointment as such and accordingly recommended to the Board.

Directors are appointed/re-appointed with the approval of the Members for a term in accordance with the provisions of the law and the Articles of Association. All Directors other than Independent Directors are liable to retire by rotation unless otherwise specifically provided under the Articles of Association or under any statute. One-third of the Directors who are liable to retire by rotation, retire at every Annual General Meeting and are eligible offer themselves for reappointment.

**(vi) Minimum Information**

Board members are informed well in advance about the schedule of the Meeting. Appropriate information/details and documents are sent in advance to each Director and normally submitted as a part of Agenda papers, except in case of matters/documents which are Unpublished Price Sensitive Information (UPSI), in order to enable the Board to discharge its responsibilities effectively. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted and place before the Board under other business with the permission of the Chairman and with the consent of the majority Directors present at the meeting and to approve by rectification by majority Directors of the Company.

The same procedure as above are followed in case of committee meetings.

The Company Secretary records minutes and proceedings of each Board and Committee meetings. Minutes and proceedings of Committee meetings are circulated to the respective committee members and placed before Board meetings for noting. Draft minutes are circulated to Board/ Committee members for their comments as prescribed under the Secretarial Standard - 1. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

No Directors of the Company opted for participation in the Board Meeting and Meeting of the Committees of the Board through Video Conferencing or any other electronic mode.

Circular Resolutions duly passed by the Directors have been confirmed by the Board of Directors in their next Board Meeting. Similarly, Circular Resolutions duly passed by the members of various Committees have been confirmed by the respective Committees of the Board. However, there was no resolution passed through circular resolution during the financial year 2021-22 and up to the date of this Report.

Action taken report on decisions / minutes of the previous meeting(s) is placed at the succeeding meeting of the Board / Committees for noting.

The Company follows the Secretarial Standards – 1 related to Board & Committee meetings which are effective from 1<sup>st</sup> July, 2015 and amended from time to time and binding to the Company.

The following minimum information are placed before the Board for their consideration apart from other information/business :-

- Quarterly results of the Company;
- Company's Annual Financial Results, Financial Statements, Auditors' Report and Board's Report;
- Minutes of meetings of the Audit Committee and other Committees of the Board;
- Non-compliance of any regulatory, statutory or listing requirements, and shareholders' service, such as non-payment of dividend, delay in, share transfer, etc.;
- Appointment, remuneration and resignation of Directors;
- Formation/reconstitution of Committees, if any;
- Terms of reference of Committees;
- Declaration of Independent Directors at the time of appointment/annually;
- Disclosure of Directors' interest and their shareholding;
- Appointment or removal of the Key Managerial Personnel;

- Appointment of Internal Auditors and Secretarial Auditors;
- Annual Secretarial Audit reports submitted by Secretarial Auditors;
- Declaration of Dividend;
- Recommending appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee;
- Borrowing of monies, giving guarantees or providing security in respect of loans;
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 2018;
- Annual operating plans of businesses and budgets;
- Show cause, demand, prosecution notices and penalty notices, if any, which are materially important;
- Fatal or serious accidents, dangerous occurrences, and any material effluent or pollution problems, if any
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like requiring of wage agreements, implementation of Voluntary Retirement Scheme, and so on;
- Sale of investments, subsidiaries and assets which are material in nature and not in normal course of business;
- Details of foreign exchange exposures, and steps taken by management to limit risks of adverse exchange rate movement, if material; and
- Recruitment and remuneration of senior officers just below the level of board of directors, if any.

(vii) **Director qualifications, skills, expertise, competencies and attributes desirable in Company's business and sector in which it functions**

The Board comprises qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Strategy and Planning : Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.

Understanding of industry and operations : Experience and knowledge of the functioning, operations, growth drivers, business environment and changing trends in the metals & mining, manufacturing and engineering industries as well as experience in overseeing large supply chain operations.

Knowledge of technology and innovation : Understanding of emerging trends in technology and innovation that may have an impact on the business and have the ability to guide necessary interventions that can be utilised in making the business more competitive and sustainable.

Governance : Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

The Board of Directors of the Company are having following area of Expertise / Skills / Competencies :

- Leadership
- Strategic Planning
- Research & Development and Innovation
- Financial
- Legal & Compliance
- Operational experience
- Industry Experience
- Global Business
- Corporate Governance
- General Management

The Directors have following skills:-

Sr. No.	Name of Director	Skills / Expertise / Competencies
1.	Mr. Narayanbhai G. Patel	Leadership / Operational Experience / Financial / Legal & Compliance / Corporate Governance / General Management
2.	Mr. Sanjivkumar N. Patel	Operational Experience / Financial / Industry Experience / Global Business
3.	Mr. Apurva V. Shah	Strategic Planning / Research & Development and Innovation
4.	Mr. Shivang P. Patel	Financial / Global Business / Industry Experience
5.	Mr. Hareshkumar I. Shah	Industry Experience / Operational Experience / General Management
6.	Mr. Himanshu N. Rawal	Industry Experience / General Management
7.	Mrs. Vinaben B. Patel	Strategic Planning / General Management
8.	Mr. Rajendrakumar C. Patel	Industry Experience / Operational Experience / Financial / Legal & Compliance

#### **(viii) Independent Directors & Separate Meeting**

During the financial year 2021-2022, the Company has obtained declarations of Independence from all Independent Directors pursuant to Section 149(7) of the Companies Act, 2013 and also revised declarations as per amendment in Regulation 16(1)(b) of SEBI Listing Regulations and based on such declarations received from them, the Board of Directors at their Board Meetings held on 8<sup>th</sup> June, 2021 and 14<sup>th</sup> February, 2022 after undertaking due assessment of the veracity confirmed that they met the criteria of Independence as provided in Regulation 16(1)(b) & 25 of SEBI Listing Regulations and Section 149(6) of the Act and in the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. The Board also confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and they are independent of the management. Every Independent Director is abide by the provisions specified in Schedule – IV to the Companies Act, 2013 related to Code of Conduct for Independent Directors.

Following Independent Directors of the Company have been re-appointed for a second term of 5 years:-

Sr. No.	Name of Director	Term upto
1	Mr. Hareshkumar I. Shah	Up to 29 <sup>th</sup> August, 2024
2	Mr. Himanshu N. Rawal	Up to conclusion of 31 <sup>st</sup> Annual General Meeting in the year 2023
3	Mrs. Vinaben B. Patel	Up to conclusion of 33 <sup>rd</sup> Annual General Meeting in the year 2025

Following Independent Director of the Company has been appointed for a first term of 5 years:-

Sr. No.	Name of Director	Term up to
1	Mr. Rajendrakumar C. Patel	Up to 9 <sup>th</sup> August, 2024

Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors have duly registered their name with Data Bank maintained by the Indian Institute of Corporate Affairs (IICA) as per Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019. They have confirmed the compliance of the said Rules vide their declaration of independence under Section 149(7) of the Act.

The terms & conditions of their appointment as Independent Directors are available on the website of the Company [www.patelsairtemp.com](http://www.patelsairtemp.com).

The policy decisions are considered by the Nomination and Remuneration Committee for appointment of Independent Director on the Board. The Board considers the committee's recommendation and takes appropriate decision/action.

A separate meeting of independent Directors for evaluation of the performance of Non-independent Directors, performance of the Board as a whole and performance of the Chairman, is required to be held every year.

During the financial year 2021-2022, a separate meeting of Independent Directors of the Company was held on 30<sup>th</sup> March, 2022, wherein they reviewed (i) the performance of non-independent Directors and the Board as a whole, (ii) the performance of the Chairperson of the Company, taking into accounts the views of Executive Directors and Non-Executive Directors and (iii) assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors.

The Board of Directors at their meeting held on 8<sup>th</sup> June, 2021 also evaluated the performance of independent directors of the company and fulfillment of independence criteria and their independence from the management.

During the financial year 2021-2022, all the Directors have completed process of KYC as per requirement of Ministry of Corporate Affairs ("MCA").

Mr. Rajendrakumar C. Patel, one of the Independent Director of the Company, who was required to give Online Proficiency Self Assessment Test to qualify as Independent Director, has successfully passed the said Test for Independent Director on 7<sup>th</sup> February, 2022 and he has produced Certificate to the Company.

**(ix) Familiarization programme for Independent/Non-Executive Directors**

As per Regulation 25(7) of SEBI Listing Regulations, whenever Independent Directors are inducted in the Board, they are introduced to the Company's organization structure, business and nature of industry, constitution, board procedures and roles, rights and responsibilities of Independent Directors, etc.

As per Regulation 46 of SEBI Listing Regulations, details of familiarization programmes for Independent Directors of the Company is uploaded on the Company's website [www.patelsairtemp.com](http://www.patelsairtemp.com).

**(x) Remuneration/Sitting Fees to the Directors**

The Nomination and Remuneration Policy (NRC Policy) on appointment and remuneration of Directors is uploaded on the Company's website [www.patelsairtemp.com](http://www.patelsairtemp.com).

The remuneration of Executive Directors is decided by the Board on the recommendation of Nomination and Remuneration Committee, subject to approval of the Shareholders in General Meeting.



The aggregate amount of salary and perquisites & allowances paid to the following Whole-time Directors & Managing Director of the Company during the year ended on 31<sup>st</sup> March, 2022 (i.e. from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022) are as under :-

(Amount in ₹)

<b>Name of Executive Directors</b>	<b>Designation</b>	<b>Salary</b>	<b>Perquisites &amp; Allowances</b>	<b>Total</b>
Mr. Narayanbhai G. Patel	Whole-time Director	36,00,000	1,28,930	37,28,930
Mr. Sanjivkumar N. Patel	Managing Director	36,00,000	93,569	36,93,569
Mr. Apurva V. Shah #	Whole-time Director	29,40,000	1,04,320	30,44,320
Mr. Shivang P. Patel	Whole-time Director	36,00,000	5,82,932	41,82,932

**Note:**

- # Mr. Apurva V. Shah (DIN: 08197983) has been re-appointed as Whole-time Director of the Company for a further period of 3 years with effect from 11<sup>th</sup> August, 2021 up to 10<sup>th</sup> August, 2024 with remuneration of ₹ 2,30,000/- p.m. plus perquisites and allowances. Subsequently, the remuneration has been increased from ₹ 2,30,000/- p.m. to ₹ 2,90,000/- p.m. plus perquisites and allowances, for the period from 1<sup>st</sup> January, 2022 to 10<sup>th</sup> August, 2024.

The appointment of Whole-time Directors & Managing Director may be terminated by either party giving to the other party three months' notice or the Company paying three months' remuneration in lieu thereof. The Company does not have a scheme for grant of stock options either to the Whole-time Directors & Managing Director or Employees. None of the other Directors are paid remuneration except sitting fees for attending Board Meetings.

The Company has paid sitting fees as under to Non-executive Independent Directors of the Company apart from travelling expenses for attending Board Meetings held during the year ended on 31<sup>st</sup> March, 2022 (i.e. from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022) :-

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Amount in (₹)</b>
1	Mr. Hareshkumar I. Shah	15,000
2	Mr. Himanshu N. Rawal	15,000
3	Mrs. Vinaben B. Patel	15,000
4	Mr. Rajendrakumar C. Patel	15,000

There were no pecuniary relationships or transactions by Independent Directors with the Company, its promoters or its management.

Criteria of making payments to Independent and /or Non-executive Directors are uploaded on the Company website at [www.patelsairtemp.com](http://www.patelsairtemp.com).

### **3. COMMITTEES OF THE BOARD:-**

The Board of Directors of the Company has constituted the following Committees in terms of the provisions of Listing Regulations and Companies Act, 2013 and Rules made there under:

1. Audit Committee (AC)
2. Nomination and Remuneration Committee (NRC)
3. Stakeholders' Relationship Committee (SRC)
4. Corporate Social Responsibility Committee (CSR Committee)

Minutes of proceedings of Committee Meetings are circulated to the respective committee members and placed before Board Meetings for noting.

Recommendation of the Committees have been duly accepted by the Board of Directors, wherever necessary, during the financial year 2021-2022.

Composition of various Committees of the Board along with respective terms of reference are uploaded on the Company website at [www.patelsairtemp.com](http://www.patelsairtemp.com).

The composition, meetings, attendance and terms of reference of the said Committees formed as per Companies Act, 2013, Rules made thereunder and SEBI Listing Regulations are as under:-

**(A) AUDIT COMMITTEE:-**

**(i) Composition of Committee and Meetings and Attendance:**

As on 31<sup>st</sup> March, 2022, the Audit Committee consists of 4 members, out of which, 2/3<sup>rd</sup> i.e. 3 members are Independent Directors and 1 is Executive Non-Independent Director as under. The Committee's composition and terms of reference are in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI Listing Regulations as amended by SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.

Independent Director is the Chairman of the Audit Committee and all members are financially literate and ability to read and understand the financial statements and one member has accounting or related financial management expertise.

Mr. Nikhil Patel, who is a Company Secretary of the Company, is the Secretary to the Audit Committee.

The mandatory requirement of holding of Audit Committee Meeting of the Company within the prescribed interval provided in Regulation 18(2) of SEBI Listing Regulations is that the Members of Audit Committee shall meet at least four times a year, with a maximum time gap of one hundred and twenty days (120 days) between any two meetings.

During the financial year 2021-2022, 6 (Six) Audit Committee Meetings were held on 8<sup>th</sup> June, 2021, 19<sup>th</sup> June, 2021, 10<sup>th</sup> August, 2021, 13<sup>th</sup> November, 2021, 31<sup>st</sup> December, 2021 and 14<sup>th</sup> February, 2022. The Audit Committee Meetings were generally held at the Factory (Works) of the Company situated at Rakanpur, Dist. Gandhinagar, Gujarat.

For the Audit Committee Meetings held as above, the gap between two Audit Committee Meetings did not exceed 120 days as prescribed in the Companies Act, 2013 and SEBI Listing Regulations.

The Chairman of the Audit Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of Audit Committees are placed before the Board for review.

There are no recommendations of the Audit Committee which have not been accepted by the Board. During the year, all recommendations made by the Audit Committee were accepted by the Board.

Attendance of Members at the Audit Committee Meeting are as under:

Name of the Member	Position	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Hareshkumar I. Shah	Chairman	Independent Director	6	6
Mr. Narayanbhai G. Patel	Member	Executive Director	6	6
Mr. Himanshu N. Rawal	Member	Independent Director	6	6
Mrs. VinabenB. Patel	Member	Independent Director	6	6

- Whole-time Directors, Managing Director and Chief Financial Officer (CFO) of the Company were generally invited to attend the Audit Committee meetings. The Minutes of the Audit Committee Meetings are placed before the Board in the next Board Meeting and noted the same.
- The Chairman of the Audit Committee was present at the last 29<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2021.

**(ii) Terms of reference:**

The terms of reference of Audit Committee are to cover the matters specified under Listing Regulations and the Companies Act, 2013 and Rules made thereunder and more particularly redefined and approved by the Board of Directors at their meeting held on 12<sup>th</sup> November, 2016 in view of the provisions of Section 177(4) of the Companies Act, 2013 and Rules made thereunder and SEBI Listing Regulations. The functions of the Committee 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, approval or any subsequent modification of transactions with related parties of the Company, recommendation for appointment, remuneration and terms of appointment of auditors of the company, etc.

The Board of Directors at their meeting held on 11<sup>th</sup> February, 2019 approved additional terms of reference as mentioned in Section 177(4) of the Companies Act, 2013 and Rules made there under and Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations in continuation of existing terms of reference of Audit Committee.

**(B) NOMINATION & REMUNERATION COMMITTEE (NRC):-**

The erstwhile Remuneration Committee of the Directors of the Company was re-nomenclature as "Nomination and Remuneration Committee" at the meeting of the Board of Directors held on 9<sup>th</sup> August, 2014, pursuant to the provisions of Clause – 49 (IC) of erstwhile Listing Agreement with Stock Exchange and Section 178 of the Companies Act, 2013 and Rules made thereunder.

**(i) Composition of Committee and Meeting and Attendance:**

As on 31<sup>st</sup> March, 2022, NRC Committee consists of 4 members, out of which, 2/3<sup>rd</sup> i.e. 3 members are Independent Directors and 1 is Executive Non-Independent Director as under. Independent Director is the Chairman of NRC Committee. Executive Director, who is a Chairman of the Company, is not a Chairman of NRC Committee and he is not chair such Committee. The constitution of NRC Committee fulfills the requirements of Section 178 of the Companies Act, 2013, Rules made thereunder and Regulation 19 of SEBI Listing Regulations as amended by SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.

During the year under review, NRC Committee met 2 times on 10<sup>th</sup> August, 2021 and 31<sup>st</sup> December, 2021.

Attendance of Members at the NRC Committee Meeting are as under:

Name of the Member	Position	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Hareshkumar I. Shah	Chairman	Independent Director	2	2
Mr. Narayanbhai G. Patel	Member	Executive Director	2	2
Mr. Himanshu N. Rawal	Member	Independent Director	2	2
Mrs. Vinaben B. Patel	Member	Independent Director	2	2

NRC Committee normally meets for considering proposal related to the following matters after evaluation of the performance of existing Directors and Whole-time & Managing Directors of the Company and recommendation to the Board of Directors:

- Appointment of Additional Directors;
- Appointment and Re-appointment of Independent Directors;
- Appointment and Re-appointment of Managing & Whole-time Directors; and
- Remuneration of Key Managerial Personnel and Managing Director & Whole-time Directors of the Company and for considering any other matter as may be specified under the terms of reference of the committee.

Mr. Nikhil Patel, who is a Company Secretary of the Company, is the Secretary to the NRC Committee.

**(ii) Terms of reference:**

NRC Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every Director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees and such other things prescribed as per Section 178 of the Companies Act, 2013, Rules made thereunder and Listing Regulations. The terms of reference of NRC Committee are to cover the matters specified under SEBI Listing Regulations and Section 178 of the Companies Act, 2013 and Rules made thereunder and more particularly role and scope of work defined by the Board of Directors at their meeting held on 12<sup>th</sup> November, 2016.

The Board of Directors at their meeting held on 11<sup>th</sup> February, 2019 approved additional terms of reference as mentioned in Section 178 of the Companies Act, 2013 and Rules made there under and under SEBI Listing Regulations in continuation of existing terms of reference of NRC Committee.

Salient features of the Policy on appointment and remuneration of Directors, KMP and other employees and other matters as required under Section 178(3) of the Companies Act, 2013 is available on the web-site of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

**(C) STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC):-**

The erstwhile Share Transfer and Investors' Grievance Committee of the Directors of the Company was re-nomenclature as a Stakeholders' Relationship Committee, at the meeting of Board of Directors held on 9<sup>th</sup> August, 2014.

**(i) Composition of Committee and Meeting and Attendance:**

As on 31<sup>st</sup> March, 2022, SRC Committee consists of 4 members, out of which, 3 are Independent Directors and 1 is Executive Non-Independent Director as under. Independent Director is the Chairman of the Committee. The constitution of Stakeholders' Relationship Committee fulfills the requirements of Regulation 20 of SEBI Listing Regulations and Section 178 of the Companies Act, 2013 and Rules made thereunder.

During the year under review, the Stakeholders Relationship Committee met on 14<sup>th</sup> February, 2022 for taking note of the following matters occurred during the financial year 2021-2022 i.e. from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022 related to Stakeholders :-

- Request/application from the Shareholders in respect of Transfer/ Transmission/Issue of Duplicate Certificate / Name deletion etc.

- Request / Application for Dematerialisation / Rematerialisation of shares;
- Investors Grievances/Complaints
- Complaints from Stock Exchange, SEBI and other Government Authorities.
- Statement of Grievance Redressal Mechanism to BSE Ltd.
- Quarterly / Half yearly disclosures to BSE Limited;
- E-Voting facilities to the Shareholders of the Company
- Service Standards of Share Transfer Agent (RTA) of the Company
- Transfer of unclaimed/unpaid Dividend amount to IEPF
- Transfer of shares to IEPF demat authority account

Attendance of Members at the SRC Committee Meeting are as under:

Name of the Member	Position	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Hareshkumar I. Shah	Chairman	Independent Director	1	1
Mr. Narayanbhai G. Patel	Member	Executive Director	1	1
Mr. Himanshu N. Rawal	Member	Independent Director	1	1
Mrs. Vinaben B. Patel	Member	Independent Director	1	1

Mr. Nikhil Patel, who is a Company Secretary of the Company, is the Secretary to SRC Committee.

**(ii) Terms of Reference:**

Pursuant to Section 178 of the Companies Act, 2013, Rules made thereunder and Listing Regulations, the Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances and also functions in an efficient manner that all issues / concerns stakeholders are addressed / resolved promptly.

The Committee, inter alia, approves the transfer/transmission of Shares, issue of new/duplicate Share Certificates, splitting and consolidation of Shares etc. The Committee also looks after redressal of Shareholder's complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends, etc. The Board of Directors has delegated the power of approving transfer of Shares etc. to the Stakeholders' Relationship Committee.

**(iii) Name and designation of Compliance Officer:**

The Board has appointed Mr. Nikhil Patel, Company Secretary, as Compliance Officer of the Company pursuant to Regulation 6 of SEBI Listing Regulations.

**(iv) Details of Shareholders complaints received / resolved / pending during the year:**

The total number of complaints received and resolved to the satisfaction of Shareholders during the year under review were as under :

Complaint as on 01/04/2021	Received during the year	Resolved during the year	Pending as on 31/03/2022
NIL	NIL	NIL	NIL

The Company interacts with Bigshare Services Pvt. Ltd., Registrar & Transfer Agent and takes effective steps/actions for resolving queries/complaints of the shareholders.

**(v) Number of pending transfers :**

No requests for transfer and dematerialization of shares were pending for approval as on 31<sup>st</sup> March, 2022.

**(D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR):-****(i) Composition of Committee and Meeting and Attendance:**

In terms of provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, a committee of the Directors of the Company has been constituted as Corporate Social Responsibility Committee (CSR). CSR Committee as on 31<sup>st</sup> March, 2022 consists of 2 Independent Directors and 1 Executive Non-Independent Director with Chairman, being Independent Director. CSR Committee fulfills the requirements of Section 135 of the Companies Act, 2013 and the Rules made thereunder.

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules") and in accordance with the CSR Policy, during the year 2021-2022, your Company was required to spent ₹ 27.15 Lakhs, i.e. two percent of the average net profits of the Company during the three immediately preceding financial years.

During the financial year 2021-2022, the Company has spent the amount of ₹ 27,50,000/- as against requirement of ₹ 27,15,183/- towards CSR activities. The Company has spent excess of ₹ 34,817/- towards CSR activities which will be adjusted against the CSR Contribution for the financial year 2022-2023, which have been duly approved by the Board of Directors of the Company at their meeting held on 28<sup>th</sup> May, 2022 and also noted by CSR Committee.

As per the amendment in the Companies (Corporate Social Responsibility Policy) Rules, 2014 by Ministry of Corporate Affairs (MCA), the Annual Report on CSR activities during the financial year 2021-2022 as required under the Rules has been annexed with Board's Report.

In this regard, Annual Report on CSR Activities included in Board's Report has been issued and signed by Mr. Narayanbhai G. Patel, Chairman & Whole-time Director and Mr. Hareshkumar I. Shah, Chairman of CSR Committee.

During the year under review, CSR Committee met 3 (three) times on 19<sup>th</sup> June, 2021, 13<sup>th</sup> November, 2021 and 14<sup>th</sup> February, 2022. The presence of the members at the meeting are as under :-

Name of the Member	Position	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Hareshkumar I. Shah	Chairman	Independent Director	3	3
Mr. Narayanbhai G. Patel	Member	Executive Director	3	3
Mr. Himanshu N. Rawal	Member	Independent Director	3	3

The Chief Financial Officer (CFO) of the Company has issued Certificate that the full amount has been utilized and spent by the Company towards CSR activities during the financial year 2021-2022 as per CSR policy and as specified in Scheduled VII of the Companies Act, 2013 and as approved by CSR Committee and Board of Directors.

MCA vide notification dated 11<sup>th</sup> February, 2020 has amended the Companies (Accounts) Rules, 2014 which requires companies falling under the provisions of section 135 of the Companies Act, 2013, to furnish a report on CSR to Registrar in form CSR-2. In this regard, the Company has duly filed form CSR-2 before 31<sup>st</sup> March, 2022.

**(ii) Terms of reference :**

The Committee formulates and recommend to the Board, a CSR Policy and recommend the amount of expenditure to be incurred on CSR activities as per Section 135, read with Schedule VII of the Companies Act, 2013 and Rules made thereunder. Committee framed a transparent monitoring mechanism for implementation of CSR projects or programmes or activities undertaken by the Company, recommend the amount of expenditure to be incurred on the activities and also monitors CSR policy from time to time.

Mr. Nikhil Patel, who is a Company Secretary of the Company, is the Secretary to CSR Committee.



**(iii) Corporate Social Responsibility Policy:**

CSR Committee has formulated modified / revised CSR Policy in line of amendment of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Section 135 of the Companies Act, 2015. The modified / revised CSR policy on the Corporate Social Responsibility measures to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 is available on the web-site of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

**4. GENERAL BODY MEETINGS:-**
**(a) Details of Annual General Meetings of the members of the Company held in last three years are as under:-**

Financial Year	Date and Time	Venue (At the Registered Office)	No. of Special Resolution Passed
2020-2021 (29 <sup>th</sup> AGM)	28 <sup>th</sup> September, 2021 at 11:30 a.m.	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM) in compliance with the various circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) and as per the applicable provisions of the Companies Act, 2013 read with the relevant rules made thereunder.	-
2019-2020 (28 <sup>th</sup> AGM)	28 <sup>th</sup> September, 2020 at 11:30 a.m.	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM) in compliance with the various circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) and as per the applicable provisions of the Companies Act, 2013 read with the relevant rules made thereunder.	3
2018-2019 (27 <sup>th</sup> AGM)	28 <sup>th</sup> September, 2019 at 10.00 a.m.	5 <sup>th</sup> Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009.	8

**(b) Details of Special Resolution passed in last three AGMs:-**

Financial Year	Sr. No.	Particulars of Special Resolution
2020-2021	-	No Special Resolution was passed in the 29 <sup>th</sup> AGM held on 28 <sup>th</sup> September, 2021.
2019-2020	1	Re-appointment of Smt. Veenaben B. Patel (DIN: 07131341) as an Independent Woman Director of the Company for a second term of 5 years up to the conclusion of the 33 <sup>rd</sup> Annual General Meeting.
	2	Re-appointment of Mr. Narayanbhai G. Patel (DIN: 00023107) as Whole-time Director of the Company designated as "Chairman & Whole-time Director" for a further period of 3 years w.e.f. 20 <sup>th</sup> May, 2020 up to 19 <sup>th</sup> May, 2023 and payment of remuneration for the said period of 3 years.
	3	Re-appointment of Mr. Sanjivkumar N. Patel (DIN: 02794095) as Managing Director of the Company for a further period of 3 years w.e.f. 20 <sup>th</sup> May, 2020 up to 19 <sup>th</sup> May, 2023 and payment of remuneration for the said period of 3 years.

Financial Year	Sr. No.	Particulars of Special Resolution
2018-2019	1	Re-appointment of Mr. Hareshkumar I. Shah (DIN : 00216585) as an Independent Director of the Company for a second term of 5 years from 30 <sup>th</sup> August, 2019 up to 29 <sup>th</sup> August, 2024.
	2	Re-appointment of Mr. Vinodkumar C. Desai (DIN : 02813402) as an Independent Director of the Company for a second term of 5 years from 30 <sup>th</sup> August, 2019 up to 29 <sup>th</sup> August, 2024.
	3	Re-appointment of Mr. Narendra G. Patel (DIN: 00023205) as Whole-time Director of the Company for a further period of 3 years w.e.f. 2 <sup>nd</sup> August, 2019 up to 1 <sup>st</sup> August, 2022 and payment of remuneration for the said period of 3 years.
	4	Appointment of Mr. Shivang P. Patel (DIN: 08136652) as Whole-time Director of the Company for a period of 3 years w.e.f. 1 <sup>st</sup> June, 2019 up to 31 <sup>st</sup> May, 2022 and payment of remuneration for the said period of 3 years.
	5	Approval for continuing the directorship of Mr. Hareshkumar I. Shah (DIN : 00216585) as Non-executive Independent Director, who will attain the age of 75 years during his tenure as an Independent Director up to 29 <sup>th</sup> August, 2024.
	6	Increase in the borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013 up to ₹ 250 crores.
	7	Creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a) of the Companies Act, 2013.
	8	Approval for continuing the directorship of Mr. Rajendrakumar C. Patel (DIN : 06532676) as Non-executive Independent Director, who will attain the age of 75 years during his tenure as an Independent Director up to 9 <sup>th</sup> August, 2024.

No Extra Ordinary General Meeting was held during last three years.

- (c) During the financial year 2021-2022, No Special Resolution was passed by the Company through Postal Ballot.
- (d) At the forthcoming 30<sup>th</sup> AGM, No special resolution is proposed to be passed through Postal Ballot.

## 5. DISCLOSURES:-

### (i) Related Party transactions:

Policy on materiality of related party transactions and dealing with related party transactions has been uploaded on website of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

Transactions with related parties are disclosed in Note No. 33 of the Notes to the Standalone Financial Statements for the year ended on 31<sup>st</sup> March, 2022, in the Annual Report as required by the Indian Accounting Standard (Ind AS) 24 issued by ICAI.

However, there are no materially significant related party transactions made/entered into by the Company with its related parties including promoters, directors or the management etc. that may have potential conflict with the interests of the Company at large.

The Independent Directors, who apart from receiving sitting fees for attending Board Meetings, do not have any other material pecuniary relationship or transactions with the company, its

promoters or its management, which in the judgment of the Board may affect independence of the judgment of the Directors.

The Directors as and when required make full disclosures to the Board regarding nature of their interest in other Companies, firms etc. in which they are Directors or Members or Partners. Full particulars of contract, if any, entered with the Companies / Partnership Firms, in which the Directors are directly or indirectly concerned or interested, if any, are entered in the Register of Contract maintained under Section 189 of the Companies Act, 2013 and the same, as and when required, is placed in the Board Meeting for the noting and signature of the Directors present in the meeting.

The Company has duly taken the approval from Audit Committee (approval by Independent Directors only from 1<sup>st</sup> January, 2022 as per amendment in SEBI Listing Regulations) and Board of Directors for entering into related party transactions by the Company with related parties including Omnibus approval during the year ended on 31<sup>st</sup> March, 2022.

The Company has duly filed with BSE Ltd. half-yearly statement of Related Party Transactions ended on 31<sup>st</sup> March, 2021 and 30<sup>th</sup> September, 2021 in accordance with applicable Indian Accounting Standards on a consolidated basis pursuant to Regulation 23(9) of SEBI Listing Regulations and uploaded the said details on website of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

**(ii) Conflict of interest**

Senior Management Personnel of the Company have made disclosure to the effect confirming that there were no financial or commercial transactions entered into by the Company in which they or their relatives had any potential conflict of interest with the Company.

**(iii) Risk Management**

Business risk evaluation and management covering the business operations of the Company is an ongoing process within the Company and the management reviewed frequently risk assessment and to minimize them. At present, the Company is not required to constitute Risk Management Committee of its Directors.

**(iv) CEO/CFO Certification :**

In terms of Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Chairman & Whole-time Director and Chief Financial Officer (CFO) of the Company have furnished certificate on the financial statements (standalone & consolidated) and internal controls relating to financial reporting of the Company to the Board for the year ended on 31<sup>st</sup> March, 2022 and attached to this Report certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The Managing Director and Chief Financial Officer (CFO) also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of SEBI Listing Regulations.

**(v) Details of Non-Compliance and penalties imposed by the Stock Exchange:**

There was no non-compliance by the Company during the last three years.

There was no penalties have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on the matter related to capital market during the last three year.

**(vi) Management Discussion and Analysis Report:**

Pursuant to Regulations 34(2)(e) read with Part B of Schedule V of the Listing Regulations, Management Discussion and Analysis (MDA) Report annexed after the Director's Report and form a part of this Annual Report.

**(vii) Code of Conduct :**

In compliance with Regulation 26(3) of SEBI Listing Regulations, the Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel including Chief Financial Officer & Company Secretary, being KMP. The said Code has been communicated to all the Directors and Senior Management Personnel as above. They have also affirmed to the Company about the compliance of the said Code during the Financial Year ended on 31<sup>st</sup> March, 2022. The declaration from Chairman & Whole-time Director & Managing Director of the Company, affirming compliance of the said Code of Conduct by all the Board Members and Senior Management Personnel is annexed separately to this Report.

The Code is applicable to Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities.

The Code of Business Conduct and Ethics for Directors and Senior Management Personnel of the Company and posted on website of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

**(viii) Whistle Blower policy / Vigil Mechanism:**

The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report any act of serious misconduct or wrongful activity being occurred or suspected to occur within the organization, to his immediate HOD or the HR Head or directly to the concern Whole-time Directors/Managing Director of the Company, as he may desire. No employee of the Company is denied access to the Audit Committee. The Whistle blower policy has been placed on website of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com). During the Financial Year 2021-2022, the Company has not received any Whistle Blower complaints.

**(ix) Code of Conduct under SEBI (Prohibition of Insider Trading) Regulations, 1992/2015:**

The Company has formulated Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders including therein Code of Conduct for fair disclosures of price sensitive information of the Company, in terms of provisions of SEBI (Prohibition of Insider Trading) Regulation, 1992/2015. The same has also been uploaded on website of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com). The policy lays down guidelines and procedure to be followed and disclosures to be made while dealing with the Shares of the Company.

The Directors and Senior Management Personnel of the Company have made Annual disclosures regarding their holdings and other details to maintain Digital Data Bank as per provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015.

During the financial year 2021-2022, the Company has complied with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders.

1. Initial Disclosure as per Regulation 7(1)(a) and 7(1)(b) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as and when required ;
2. Continual Disclosure as per Regulation 7(2)(a) and 7(2)(b) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as and when required;
3. Annual Disclosure as per Regulation 9(1) read with Point No. 14 of Schedule B of the SEBI (Prohibition of Insider Trading) Regulations, 2015;
4. Maintain Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as envisaged under SEBI (Prohibition of Insider Trading) Regulations, 2015 read with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018;
5. Follow the regulations of Code of Conduct of the Company as per the Policy of Code of Conduct of the Company;

6. Pre-clearance and Post-clearance procedure for buying and selling of shares of the Company by the Designated Persons of the Company;
7. Maintain details of member(s) of promoter group and designated person(s) in addition to the promoter(s) and director(s) of company and uploaded as per System Driven Disclosure (SDD) under Regulation 7(2) of PIT Regulations;
8. Intimation of Closure of Trading Window of Company for dealing in securities of the Company by all specified persons including Promoter and Promoter Group, Directors, Designated Persons including HODs, Employees, Auditors and their relatives and all connected persons, and also to BSE Limited and also uploaded on the website of the Company as and when required and comply with the provisions of Clause 4 of the Schedule B of SEBI (Prohibition of Insider Trading) Regulations, 2015; and
9. Maintenance of structured digital data base of Designated Persons of the Company.

**(x) No Disqualification Certificate from Company Secretary in Practice:**

As required by Clause 10(i) of Part C under Schedule V and Regulation 34 of SEBI Listing Regulations, the Company has received a certificate from Practicing Company Secretary and attached here with certifying that none of the Directors on the Board of the Company for the financial year ended 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India or Ministry of Corporate Affairs or such other statutory authority.

- (xi)** During the financial year 2021-2022, the quarterly/half yearly/yearly compliance reports have been duly submitted by the Company to BSE Limited as per various provisions of SEBI Listing Regulations /Depositories Act, 2018 and Regulations.

**(xii) Share and security transfer formalities by the Company:**

Pursuant to amendment in Regulation 40(1) of SEBI Listing Regulations, effective from 24<sup>th</sup> January, 2022, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository: Provided further that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form.

The Company had sent communication to the shareholders encouraging them to dematerialise their holdings in the Company. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation.

As per Regulation 40(9) of the Listing Regulations, the Company has obtained certificate on annual basis, from the Company Secretary in Practice for compliance of share transfer formalities and the same have been submitted to the Stock Exchanges within stipulated time.

**(xiii) Reconciliation of Share Capital Audit:**

In terms of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018, the Company Secretary in Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') (collectively 'Depositories') and the total issued and listed capital. The Audit confirms that the total paid-up capital is in agreement with the aggregate of the total number of shares in physical form and in dematerialised form (held with Depositories). This audit is carried out every quarter and the report thereon is submitted to stock exchange, NSDL and CDSL and is also placed before the Board of Directors. No discrepancies were noticed during these audits.

**(xiv) Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are given in the Board's Report.

**(xv) Consolidated Fees paid to Statutory Auditors:**

During the Financial Year 2021-22, the Company has paid total fees of ₹ 4,57,000 including statutory audit fees, certification fees, fees for other services and re-imbursement of expenses to M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company.

**(xvi) Audit Qualification:**

The Company is in the regime of unmodified opinions on financial statements.

**(xvii) Wholly Owned Subsidiary:**

The disclosures regarding Wholly Owned Subsidiary of the Company are given in the Board's Report.

**(xviii) Amendment in existing policies of the Company:**

During the financial year 2021-2022, there was no amendment in existing policies of the Company.

**6. MEANS OF COMMUNICATION, ANNUAL REPORT & WEBSITE OF THE COMPANY:-**

The Company's quarterly, half yearly and yearly financial results were taken on record and approved by the Board of Directors after reviewed by Audit Committee as per SEBI Listing Regulations. These were published in the newspapers as per prescribed guidelines and uploaded on the website of the Company.

In pursuance of Regulation 33(3) read with Schedule V of SEBI Listing Regulations, the Company is maintaining its website viz. [www.patelsairtemp.com](http://www.patelsairtemp.com) contains a separate dedicated section 'Investor Relations' where shareholders' information is available and basic information about the company e.g. details of its business, financial information, shareholding pattern, etc. The company also agrees to ensure that the contents of the said website are updated at any given point of time. The Company's Annual Report is also available in down loadable form.

The Company has total 7614 Shareholders as on 31<sup>st</sup> March, 2022. The main channel of communication to the shareholders is through its website as mentioned above and Annual Report, which includes inter alia, the Director's Report along with all annexures, Management Discussions & Analysis Report, Report on Corporate Governance, Audited Financial Statements (Standalone & Consolidated), Auditors' Report, E-voting instructions, etc. The Annual Report is also posted on the website of the Company viz. [www.patelsairtemp.com](http://www.patelsairtemp.com).

**BSE Corporate Compliance & Listing Centre (Listing Centre):**

BSE's Listing Centre viz. <https://listing.bseindia.com/home> is a web based application designed for corporate. All periodical compliance filings like shareholding pattern, financial results, corporate governance report, investors & shares related matters, among others are also filed electronically on the Listing Centre and wherever required in XBRL form.

**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: Centralized 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.



**Usage of Electronic Payment Modes for making payments to Investors:**

In view of SEBI Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> 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).

**Designated Exclusive email-id:**

The Company has designated email I'd [viz.share@patelsairtemp.com](mailto:viz.share@patelsairtemp.com) exclusively for resolving investor grievance.

**Green Initiative in Corporate Governance: Go Paperless**

As part of the green initiative process, the company has taken an initiative of sending documents like Notice calling Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements (Standalone & Consolidated), Auditors' Report, E-voting instructions, dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the Company and for the bounced-mail cases. Shareholders are requested to register their email id with Bigshare Services Private Limited Registrar and Transfer Agent / concerned depository to enable the Company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

**7. GENERAL SHAREHOLDERS INFORMATION:-**

**(i) Day, Date & Time for 30<sup>th</sup> Annual General Meeting :-**

Day & Date	: Tuesday, 27 <sup>th</sup> September, 2022
Time	: 11:30 a.m. [Indian Standard Time ("IST")]
Venue	: Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

**(ii) Financial Calendar (from 01/04/2022 to 31/03/2023) (Tentative) :**

Results for quarter ended on 30/06/2022	On 13 <sup>th</sup> August, 2022
Results for quarter ending on 30/09/2022	On or before 14 <sup>th</sup> November, 2022
Results for quarter ending on 31/12/2022	On or before 14 <sup>th</sup> February, 2023
Audited Results for the year ending on 31/03/2023	On or before 30 <sup>th</sup> May, 2023
AGM for the year ending on 31/03/2023	On or before 30 <sup>th</sup> September, 2023

**(iii) Book Closure Date(s) :**

Book-closure shall be from 19<sup>th</sup> September, 2022 to 27<sup>th</sup> September, 2022 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended on 31<sup>st</sup> March, 2022.

**(iv) Dividend payment date :**

The Dividend of ₹ 2.80 per share (@ 28 %) on 50,70,240 Equity Shares of ₹ 10/- each for the year ended on 31<sup>st</sup> March, 2022, if approved and declared, will be paid within the prescribed time limit.

**(v) Listing on Stock Exchange & Payment of fees :**

Name of Stock Exchange	: BSE Limited
Address	: Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001
Stock Code   Script Name	: 517417   PATELSAI
ISIN with NSDL & CDSL	: INE082C01024

Listing fees up to the Financial Year 2022-2023 has already been paid to the Stock Exchange. The Annual Custody/Issuer fee for the year 2022-2023 has also been paid by the Company to NSDL and CDSL.

**(vi) Corporate Identity Number (CIN) :**

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

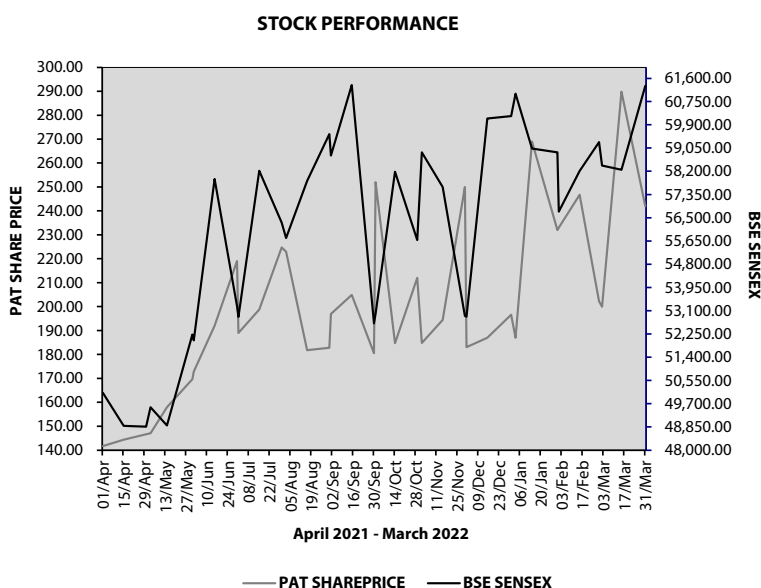
**(vii) Stock Market Data and Share price performance in comparison to BSE Sensex based on share price on 31<sup>st</sup> March, 2022:**

The monthly High, Low and Closing Price of Shares of the Company at BSE Limited, (BSE), during the financial year 2021-2022 and performance of the same in comparison to BSE Sensex are given below:

Months	Share price of the Company at BSE			BSE SENSEX		
	High	Low	Closing	High	Low	Closing
April, 2021	149.00	133.00	144.30	50,375.77	47,204.50	48,782.36
May, 2021	184.00	141.05	164.00	52,013.22	48,028.07	51,937.44
June, 2021	196.95	163.00	178.85	53,126.73	51,450.58	52,482.71
July, 2021	250.00	173.15	243.45	53,290.81	51,802.73	52,586.84
August, 2021	252.00	174.00	190.30	57,625.26	52,804.08	57,552.39
September, 2021	197.50	175.55	181.10	60,412.32	57,263.90	59,126.36
October, 2021	226.40	174.40	184.85	62,245.43	58,551.14	59,306.93
November, 2021	197.90	170.00	178.70	61,036.56	56,382.93	57,064.87
December, 2021	208.95	178.15	196.80	59,203.37	55,132.68	58,253.82
January, 2022	309.75	196.00	266.05	61,475.15	56,409.63	58,014.17
February, 2022	296.00	207.20	221.85	59,618.51	54,383.20	56,247.28
March, 2022	242.00	211.05	224.15	58,890.92	52,260.82	58,568.51

**(viii) Stock Performance:**

Performance of share price of the Company in comparison to BSE Sensex for the financial year 2021-2022 as under:



**(ix) Registrar & Share Transfer Agent & Change of Communication Address of RTA from Mumbai Office to Ahmedabad Office:**

In terms of SEBI Circulars dated 27<sup>th</sup> December, 2002 & 12<sup>th</sup> March, 2003 on appointment of common agency for share registry works, the Company has appointed the below mentioned agency as Registrar & Share Transfer Agent (RTA), for both physical and demat segment of equity shares of the company, which provides all shareholders related services.

All investor's/shareholders related services including Transfer, Transmission, Issue of Duplicate Share Certificates, Change of Address, Redressal of Investors Complaint, etc. are being handled by Ahmedabad Office of M/s. Bigshare Services Private Limited, Registrar and Share Transfer Agent of the Company as under instead of their Mumbai Office.

All Investors/ Shareholders are requested to contact at the above mention Ahmedabad Office of M/s. Bigshare Services Private Limited in addition to Mumbai Office.

<b>Bigshare Services Private Limited</b>	
<b>Ahmedabad Office</b>	<b>Mumbai Office</b>
A-802, Samudra Complex, Near Klassic Gold, Girish Cold Drink, Off C. G. Road, Navrangpura, Ahmedabad-380009, Gujarat Tel : 079 400 24135/079 40392570 Fax No: 0228475207 Email id :bssahd@bigshareonline.com Website :www.bigshareonline.com	Regd. Office : 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai – 400 059 Website :www.bigshareonline.com Tele. No. (022) 62638200

The Company has submitted to BSE Limited Compliance Certificate on annual basis issued by RTA and Company Secretary that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar as per Regulation 7(3) of Listing Regulations.

**(x) Share Transfer / Transmission System:**

Pursuant to Regulation 40(9) of SEBI Listing Regulations, certificates, on annual basis, have been issued by the Company for due compliance of share transfer / transmission formalities by the Company and files a copy of the said certificate with Stock Exchanges.

**(xi) Shareholding Details:**

**(i) Distribution of Shareholding as on 31<sup>st</sup> March, 2022:**

<b>No. of Equity Shares held</b>	<b>No. of Shareholders</b>	<b>% of total Shareholders</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
1 – 500	6926	90.96	673039	13.2743
501 – 1000	324	4.26	255281	5.0349
1001 – 2000	169	2.22	256421	5.0574
2001 – 3000	67	0.88	169571	3.3444
3001 – 4000	29	0.38	102681	2.0252
4001 – 5000	19	0.25	87872	1.7331
5001 – 10000	38	0.5	277095	5.4651
10001 & above	42	0.55	3248280	64.0656
<b>Total:</b>	<b>7614</b>	<b>100</b>	<b>5070240</b>	<b>100</b>

(ii) Categories of Shareholders as on 31<sup>st</sup> March, 2022:

Category of Shareholders	No. of Equity Shares held	Percentage of total paid-up capital
<b>A1 : Promoters:</b>		
Promoters *	9,01,083	17.77
<b>A2 : Promoter Group</b>		
Promoters' Relatives <sup>#</sup>	83,625	1.65
Group Company and LLP	14,31,954	28.24
HUFs	22,800	0.45
<b>Total A (A1 + A2) :</b>	<b>24,39,462</b>	<b>48.11</b>
<b>B : Public :</b>		
Bodies Corporate	117,711	2.32
NRIs	55,111	1.09
Clearing Members	8,788	0.17
Directors (other than Promoters as above)	2,079	0.04
IEPF	45,786	0.90
Indian Public	2,401,303	47.36
<b>Total (B) :</b>	<b>2,630,778</b>	<b>51.89</b>
<b>Total (A+B)</b>	<b>50,70,240</b>	<b>100.00</b>

**Note :**

\* During the financial year 2021-2022, request of Reclassification of Mrs. Rashmika Narendra Patel holding 307326 shares (6.06% of the share capital) from Promoter category to Public shareholder category has been duly approved by the shareholders and is subject to approval of BSE Limited.

# During the financial year 2021-2022, request of Reclassification of Mr. Kanaiyalal Gagandas Narumalani holding 3750 shares (0.07% of the share capital) from Promoter Group category to Public shareholder category has been approved by the shareholders and is subject to approval of BSE Limited.

## (xii) Dematerialization 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 98.32 % of the total Equity Capital of the Company is held in demat form as on 31<sup>st</sup> March, 2022. 100 % shares held by the Promoters & Promoters' Group have been dematerialized.

## (xiii) Dividend History for last 15 years of the Company:

Financial year	Dividend Per Share (₹)
2007-2008	₹ 0.50 (5% Interim Dividend) and ₹ 1.50 (15% Final Dividend)
2008-2009	₹ 1.80 (18 %)
2009-2010	₹ 2.00 (20 %)
2010-2011	₹ 2.00 (20 %)
2011-2012	₹ 2.00 (20 %)
2012-2013	₹ 2.00 (20 %)
2013-2014	₹ 2.00 (20 %)
2014-2015	₹ 2.20 (22 %)
2015-2016	₹ 2.20 (22 %)
2016-2017	₹ 2.50 (25 %)
2017-2018	₹ 2.50 (25 %)
2018-2019	₹ 2.50 (25 %)
2019-2020	₹ 2.50 (25 %)
2020-2021	₹ 2.50 (25 %)
2021-2022	₹ 2.80 (28 %) (Recommended)

**(xiv) Plant Location(s):**

The Company's plants/offices are located at:

<b>Rakanpur Works</b>	<b>Dudhai Works</b>	<b>AC. Division Office:</b>
Plot 805, 806, 807, 810 Rakanpur, Via: Sola-Bhadaj Village, Ta: Kalol, Dist. Gandhinagar - 382722 Gujarat	Survey No.100, Village : Dudhai, Taluka : Kadi, Dist. Mehsana- 382715. Gujarat	5 <sup>th</sup> Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009 Gujarat

Contact Person : Nikhil M. Patel, Company Secretary

Website: [www.patelsairtemp.com](http://www.patelsairtemp.com)

**(xv) Nomination facility :**

As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website at [www.patelsairtemp.com](http://www.patelsairtemp.com). under Investor Forms. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to RTA in case the shares are held in physical form.

**(xvi) Compliance Certificate of the Auditors :**

The Certificate from the Company's Auditors, M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad, having Firm Registration No. 113742W, confirming compliance with conditions of Corporate Governance as stipulated under Listing Regulations, is attached to this Report.

## **DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT**

In terms of the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Corporate Governance, we hereby confirm that all Board Members and Senior Management Personnel of Patels Airtemp (India) Ltd. including Chief Financial Officer & Company Secretary, being Key Managerial Personnel (KMP), have affirmed the compliance of Code of Business Conduct and Ethics of the Company during the financial year ended on 31<sup>st</sup> March, 2022 (2021-2022).

Date : 13<sup>th</sup> August, 2022

Place : Rakanpur, Dist. Gandhinagar

**Narayanbhai G. Patel**

Chairman & Whole-time Director

**Sanjivkumar N. Patel**

Managing Director

**CEO AND CFO CERTIFICATION**

To,  
The Board of Directors  
**Patels Airtemp (India) Limited**  
Rakanpur, Dist: Gandhinagar

We, Mr. Narayanbhai G. Patel, Chairman & Whole-time Director and Mr. Kamlesh R. Shah, Chief Financial Officer (CFO) of the Company, in our respective capacities, certify that:

- A. We have reviewed the Financial Statements (Standalone & Consolidated) and Cash Flow Statement of Patels Airtemp (India) Limited for the year ended 31<sup>st</sup> March, 2022 and to the best of our knowledge and belief, we state that:
- (1) these Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these Statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2022 are fraudulent, illegal or violative the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operations of such internal controls.
- D. We have indicated to the auditors and the Audit Committee
- (1) There has not been any significant change in internal control over financial reporting during the year under reference.
  - (2) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
  - (3) There are no instances during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Date : 28<sup>th</sup> May, 2022  
Place : Rakanpur, Dist. Gandhinagar

**Narayanbhai G. Patel**  
Chairman & Whole-time Director

**Kamlesh R. Shah**  
Chief Financial Officer



**Independent Auditor's Certificate on Compliance with the Corporate Governance Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Members of  
**PATELS AIRTEMP (INDIA) LIMITED**

We have examined the compliance of conditions of Corporate Governance by **PATELS AIRTEMP (INDIA) LIMITED**, (hereinafter referred to as "the Company") for the year ended on 31<sup>st</sup> March, 2022 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time, pursuant to the Listing Regulation of the Company with Stock Exchanges.

**Management's Responsibility for Compliance with the conditions of Listing Regulations**

The Compliance of the terms and conditions contained in the Corporate Governance is the responsibility of the management of the Company including preparation and maintenance of all the relevant supporting records and documents.

**Auditor's Responsibility**

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31<sup>st</sup> March, 2022. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied, in all material respect, with the conditions of Corporate Governance as stipulated in the Listing Regulations during the year ended on 31<sup>st</sup> March, 2022.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Restriction on use**

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**SHAH & SHAH ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 113742W

**VASANT C.TANNA**

PARTNER  
Membership No. 100422  
UDIN : 22100422AOZEF06909

Date : 13<sup>th</sup> August, 2022  
Place : Ahmedabad.

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

**Patels Airtemp (India) Limited**

5<sup>th</sup> Floor, Kalpana Complex,

Nr. Memnagar Fire Station,

Navrangpura, Ahmedabad – 380009

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Patels Airtemp (India) Limited having CIN L29190GJ1992PLC017801 and having registered office at 5<sup>th</sup> Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380009. (hereinafter referred to as '**the Company**'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

DIN	Name of Director	Designation	Date of Appointment
00023107	Narayanbhai Gangaram Patel	Wholetime Director	10/06/1992
02794095	Sanjivkumar Narayanbhai Patel	Managing Director	30/09/2009
08136652	Shivang Prakashchandra Patel	Wholetime Director	01/06/2019
08197983	Apurva Vinubhai Shah	Wholetime Director	11/08/2018
00216585	Hareshkumar Ishwarlal Shah	Independent Director	29/10/2005
06532676	Rajendrakumar Chaturbhai Patel	Independent Director	10/08/2019
06631728	Himanshu Rawal	Independent Director	13/02/2016
07131341	Vinaben Bhupendra Patel	Independent Director	30/03/2015

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 19/05/2022**

**Place: Ahmedabad**

**Signature: Sd/-**

**Punit Santoshkumar Lath**

**Practicing Company Secretary**

**ACS No.: 26238, CoP No.: 11139**

**UDIN: A026238D000346085**

**ANNEXURE – D**  
**FORM NO. AOC - 2**

(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013  
and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties during the financial year 2021-2022 referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	<p>(i) The Company has paid for the period from 1<sup>st</sup> April, 2021 up to 31<sup>st</sup> October, 2021 salary of ₹ 5.03 lacs and gratuity of ₹ 4.27 lacs to Mr. Mukund G. Patel, an employee of the Company and brother of Mr. Narendra G. Patel, who was Whole-time Director &amp; KMP of the Company (up to 7<sup>th</sup> February, 2021), upon his retirement as on 31<sup>st</sup> October, 2021.</p> <p>(ii) Monthly service charges maximum up to ₹ 60,000/- and taxes, if any, paid to Mr. Amratbhai Patel, being the Contractor and Brother of Mrs. Vinaben B. Patel, Independent Director of the Company, towards manpower supplied by him for various jobs required for the Company's factories during the financial year 2021-2022.</p> <p>(iii) Salary of ₹ 7.92 lacs including other benefits as per Rules of the Company paid to Smt. Aartiben P. Patel, Officer (HRD) of the Company and Mother of Mr. Shivang P. Patel, Whole-time Director of the Company during the financial year 2021-2022.</p> <p>(iv) The Company has given and remitted 5,000 USD towards loan to Patels Airtemp (USA) Inc. Wholly Owned Subsidiary (WOS) of the Company during the financial year 2021-2022 for the purpose of meeting the expenses of day-to-day operations of USA Company.</p> <p>No amount was paid as advance to above Related Parties.</p> <p>The above Related Party Transactions have been duly approved by the Audit Committee and Board of Directors at their respective meetings held on 10<sup>th</sup> February, 2021.</p> <p>Since no material related party transactions were entered into by the Company, approval of Shareholders was not required.</p>
b)	Nature of contracts/arrangements/ transaction	
c)	Duration of the contracts/ arrangements/ transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to Section 188	

**2. Details of material contracts or arrangements or transactions at Arm's length basis.**

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	There were no material contracts or arrangements or transactions at arm's length basis entered into by the Company with related parties during the financial year ended on 31 <sup>st</sup> March, 2022 (2021-2022).
b)	Nature of contracts/ arrangements/ transaction	
c)	Duration of the contracts/ arrangements/ transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

### **Annexure-E to Directors' Report**

Details of particulars under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended on 31<sup>st</sup> March, 2022 are given as under:-

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, ETC.**

##### **A) CONSERVATION OF ENERGY:-**

The main source of energy is power. Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques. Uses of natural lights are resorted at factory premises to save energy. The Company is also looking forward, in adopting the technology by which consumption of energy can reduce and also promote the usage of natural sources of energy.

Company is in the process of converting conventional lights with LED lights in Plants which consumes only ¼ of electricity compare to conventional lights, leading to good amount of power saving. More than 90% of conventional lights has been replaced with LED lights.

As part of Green Initiative, the Company has installed 130 KW Rooftop PV Solar Power Plant after getting required permissions from Govt. Authorities and UGVCL (Power Distribution Company in Local Area). The Solar Plant has generated 142,263 Units of Energy in F.Y. 2021-2022. With installation of this plant, company is contributing significantly in CO2 emission reduction.

The Solar Plant being a stationary item renders almost negligible maintenance cost and has long life of around 25 years.

##### **B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:-**

The particulars as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) (A) of the Companies (Accounts) Rules, 2014 with respect to Research & Development and Technology Absorption are given hereunder:-

###### **(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.

Along with development of product design and product manufacturing application, the Company in its tenure of 49+ years continuously upgraded quality and product system by acquiring world's most recognized system like ISO 9001-2015, ASME (U2, U, S-Stamps).

The Company's products have ASME (American Society of Mechanical Engineers-USA) "U", "U2" and "S" Stamp authorization. The Company is also having "NB" and "R" Stamp. The Company is also a member of HTRI (Heat Transfer Research, Inc, U.S.A.) for updating Heat Transfer Technology.

The Company has licensed software of ANSYS, CREO, PVelite, Nozzle Pro and TEKLA for product development.

The Company is having ISO 9001-2015 certification from TUV-SUD.

Due to "U"/"U2"/"S" Stamp authorization, it is expected to improve the Quality of the products/equipment of the Company and to achieve higher growth and profitability of the Company in future.

**(2) Technology Absorption, Adaptation & Innovation**

Updating of Technology is a Continuous process, which is absorbed implemented and adapted by the Company for innovation. Efforts are continuously made to develop new products required in the Engineering Industry.

The Company has invested about ₹ 57.68 Lakhs for Plant & Equipment to upgrade high tech equipment and to increase built up area. The Company has HTRI Membership agreement for Category - II for latest technology in Heat Transfer from U.S.A. To increase productivity, Company has invested in high tech Finning Machine. In-house, systems and operations are being innovated for better quality and to perform up to customers' requirement.

**C) FOREIGN EXCHANGE EARNING AND OUTGO:-**

The details of Foreign Exchange Earnings and Outgo by the Company during the year ended 31<sup>st</sup> March, 2022 (2021-2022) are as under:

CIF value of Imports : ₹ 1339.70 Lacs as against ₹ 1386.95 Lacs in previous year.

Expenditure in Foreign Currency : ₹ 105.08 Lacs as against ₹ 323.40 Lacs in previous year

Earning in Foreign Exchange : ₹ 6847.61 Lacs as against ₹ 6196.53 Lacs in previous year



**Annexure – F**  
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES**

**1. Brief outline on CSR Policy of the Company:**

The Board of Directors has adopted a CSR Policy which lays down the guidelines for undertaking various CSR programmes for development and promotion of the society. The concept of CSR has gained prominence from all avenues. The Company believes that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, customers and society in which it operates and formulated CSR Policy. CSR means not only investment of funds for social activities but also integration of business process with social processes.

The policy also indicates the activities to be undertaken by the Company within the broad framework of Schedule VII of the Companies Act, 2013, as in force and as amended from time to time which includes promotion of educational and employment enhancing vocational skills and education of underprivileged children, promotion of healthcare, including preventive health care and sanitation and disaster management, environmental sustainability, rural development project, eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups and such other activities and programs as recommended by CSR committee from time to time.

**2. Composition of CSR Committee:**

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Hareshkumar I. Shah	Chairman of Committee (Non-Executive Independent Director)	3	3
2.	Mr. Himanshu N. Rawal	Member of Committee (Non-Executive Independent Director)	3	3
3.	Mr. Narayanbhai G. Patel	Member of Committee (Executive Director)	3	3

**3. Provide the Web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company:**

**Web-link for:-**

- Composition of CSR Committee:- <https://www.patelsairtemp.com/pdf/policies-and-code-of-conduct/composition-of-various-committees-of-board.pdf>
- CSR Policy and CSR Projects approved by the Board:- <https://www.patelsairtemp.com/investors/policies-and-code-of-conduct/>

**4. Provide the details of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):-** Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sr. No.	Financial Year	Amount available for set-off from preceding financial year (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
-	2021-2022	NIL	34,817

**6. Average net profit of the Company as per section 135(5) (financial year 2020-2021, 2019-2020 & 2018-2019) :- ₹ 13,57,59,169/-**

7. (a) Two percent of average net profit of the Company as per section 135(5) [Financial Year 2020-2021, 2019-2020 & 2018-2019]:- ₹ 27,15,183/-
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
- (c) Amount required to be set off for the financial year, if any: NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c) ₹ 27,15,183/-

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of Fund	Amount	Date of Transfer
27,50,000	Nil	--	--	Nil	--

**(b) Details of CSR amount spent against ongoing projects for the financial year:- Not Applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
												----- Not Applicable -----

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:-**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent for the project (in ₹)	Mode of implementation Through implementing agency
				State	District		Name CSR Registration Number
1.	Promotion of health care and disaster management related to COVID-19	(i) & (xii)	Yes	Gujarat	Ahmedabad	2,50,000	No Shree Uttar Gujarat Bargam Kadava Patidar Sama, Ahmedabad

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent for the project (in ₹)	Mode of implementation Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name	CSR Registration Number
2	Chinmaya Vishwa Vidyapeeth (CVV) campus, for Educational and Employment enhancing Vocational Skills and education of underprivileged children and improve the infrastructure at Chinmaya Vidyalaya schools across India.	(ii)	No	Kerala	Kochi	7,00,000	No	Central Chinmaya Mission Trust, Mumbai	CSR00008084
3	Promoting and preventing health care, promoting education, including special education and employment enhancing vocation skills especially among children, women	(i) & (ii)	No	Gujarat	North Gujarat	15,00,000	No	Kadva Patidar Kuldevi, Shri Umiya Mataji Sansthan	CSR00019316
4	Medical rehabilitation, eradicating hunger poverty and malnutrition, promoting and preventing health care, setting up day care centres and promoting livelihood enhancement projects	(i), (ii) and (iii)	No	Gujarat	North Gujarat	3,00,000	No	Maa Madhuri Brij Varis Seva Sadan Apna Ghar Sanstha, Bharatpur, Rajasthan through Apna Ghar Ashram, Umta, North Gujarat	CSR00003469
<b>Total</b>						<b>27,50,000</b>			

(d) **Amount spent in Administrative Overheads : ₹ NIL**

(e) **Amount spent on Impact Assessment, if applicable :- ₹ NIL**

(f) **Total amount spent for the Financial Year (8b+8c+8d+8e):- ₹ 27,50,000/-**

(g) **Excess amount for set off, if any:-**

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	27,15,183/-
(ii)	Total amount spent for the Financial Year	27,50,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	34,817/-
(iv)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	34,817/-

**9. (a) Details of Unspent amount for the preceding three financial years:**

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
--	--	NIL	--	--	NIL	--	--

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):- Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
----- Not Applicable -----								

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:**

(asset-wise details)

(a)	Date of creation or acquisition of capital asset(s).	No
(b)	Amount of CSR spent for creation or acquisition of capital asset.	Nil
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Not Applicable
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):- Not Applicable**Date: 28<sup>th</sup> May, 2022

Place: Rakanpur, Dist. Gandhinagar

**Sd/-**  
**Narayanbhai G. Patel**  
**Chairman & Whole-time Director**  
**(DIN: 00023107)**

**Sd/-**  
**Hareshkumar I. Shah**  
**Chairman of CSR Committee**  
**(DIN: 00216585)**

**Annexure – G**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2022**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9  
of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Patels Airtemp (India) Limited**  
CIN: L29190GJ1992PLC017801  
5<sup>th</sup> Floor, Kalpana Complex,  
Nr. Memnagar Fire Station,  
Navrangpura, Ahmedabad – 380009.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Patels Airtemp (India) Limited** (herein after called “the Company”) for the year ended 31<sup>st</sup> March, 2022.

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – There was no Foreign Direct Investment, and External Commercial Borrowings by the Company during the year under review and hence the provisions in respect of the said matters are not applicable to the Company;

However Company has made Overseas Direct Investment (ODI) in the Wholly Owned Subsidiary (WOS) in USA namely “Patels Airtemp (USA) Inc” and necessary compliance of FEMA Laws in respect of same, is done by the company.

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time - **(Not applicable, as the Company has not issued any shares during the year under review);**
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 up to the date of 12<sup>th</sup> August, 2021 and thereafter Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 w.e.f 13<sup>th</sup> August, 2021; - **(Not applicable, as the Company has not issued any shares/ options to directors/ employees under the said guidelines / regulations during the year under review);**
  - (e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 up to the date of 8<sup>th</sup> August, 2021 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 w.e.f 09<sup>th</sup> August, 2021;- **(Not applicable, as the Company has not issued any debt securities which were listed during the year under review);**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **(Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review);**
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (upto 9<sup>th</sup> June, 2021) and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (w.e.f. 10<sup>th</sup> June, 2021); – **(Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review);** and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **(Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review).**
- (vi) Looking to the nature of the business of the Company, the specific laws applicable to the Company are as under for which, we have relied on Management declarations.
- (1) Water (Prevention & Control of Pollution) Act 1974,
  - (2) The Air (Prevention & Control of Pollution) Act 1981,
  - (3) The Hazardous Wastes (Management & Handling) Rules 1989, as amended up to 2008,
  - (4) Noise Pollution (regulation & control) Rules 2000 as are specifically applicable to the Company.

I further report that for the Compliances by the Company of applicable financial laws, like direct and indirect tax laws, we have relied on the Audit report of the company since the same have been subject to review by statutory financial auditor and other designated professionals.

2. I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors and Committees (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreement entered into by the Company with BSE Limited, and SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 (effective 1<sup>st</sup> December, 2015).
3. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above to the extent applicable.

**\*Note:** One of the Promoter, Mrs. Rashmikaben Patel on 20<sup>th</sup> January, 2022, sold 3000 Equity shares of the Company in an Open Market through BSE Limited i.e. during the Trading window closure period, without



*obtaining the preclearance of trade from Compliance Officer, and violated the requirements of "Company's Code of internal procedure and conduct of Regulating, Monitoring and Reporting of Trading by the insiders" adopted by the company, under SEBI (Prohibition of Insider Trading) Regulations, 2015.*

*The company on its part fulfilled all its Compliance responsibilities in the matter as under,*

- 1) *duly made primary intimation to BSE Limited and disclosed the inadvertent trade by Mrs. Rashmikaben Patel, during the Trading window closure period.*
- 2) *Conducted enquiry into the matter and presented the matter before Audit Committee for proper actions on the promoter under the code of conduct. The Committee strictly warned the promoter for not to repeat the mistake again.*
- 3) *Submitted the Report on violation of Company's "Code of internal procedure and conduct of Regulating Monitoring and Reporting of Trading by the insiders" under the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 in prescribed format under the regulations.*
- 4) *Submission of Action Taken Report to Stock Exchange under the said matter.*

*No non-compliance on the part of the company was noted in the matter. No fine is levied by the Stock Exchange on the said promoter in the matter till the date of issue of this report.*

#### **4. I further report that:**

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and a Woman Director. No changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - II. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - III. All the decisions of the Board and Committees thereof were carried through unanimously/ requisite majority. Dissenting members' views were not required to be captured and recorded as part of the minutes, as there was no such instance.
5. I further report that there are adequate systems and processes in the Company with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, standards etc.
  6. I further report that during the audit period, the Company has following specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.
    - I. Mr. Apurva V. Shah (DIN: 08197983) has been re-appointed as Whole-time Director of the Company for a further period of 3 years with effect from 11<sup>th</sup> August, 2021 up to 10<sup>th</sup> August, 2024 with remuneration of ₹ 2,30,000/- p.m. plus perquisites and allowances. Subsequently, the remuneration has been increased from ₹ 2,30,000/- p.m. to ₹ 2,90,000/- p.m. plus perquisites and allowances, for the period from 1<sup>st</sup> January, 2022 to 10<sup>th</sup> August, 2024.
    - II. The Company has received request of reclassification from outgoing Promoter Group namely Mr. Kanaivalal Gagandas Narumalani holding 3750 shares (0.07% of the share capital) from Promoter Group category to Public shareholder category, which was duly approved by shareholders. Subsequently, the BSE Limited vide its letter dated 25<sup>th</sup> May, 2022 has approved the said request of reclassification. Hence, the Promoter and Promoter Group shareholding are reduced to that extent.

- III. The Company has received request of reclassification from outgoing Promoter namely Mrs. Rashmika Narendra Patel holding 307326 shares (6.06% of the share capital) from Promoter category to Public shareholder category, which was duly approved by shareholders. Subsequently, the BSE Limited vide its letter dated 25<sup>th</sup> May, 2022 has approved the said request of reclassification. Hence, the Promoter and Promoter Group shareholding are reduced to that extent.

UDIN: A026238D000629005

Date: 15<sup>th</sup> July, 2022

Place: Ahmedabad

**Signature: Sd/-**

**Punit Santosh Kumar Lath**

Practicing Company Secretary

ACS No.: 26238, CoP No.: 11139

Peer Review Certificate No.: 809/2020

ICSI Unique Code: I2012GJ946500

Please note that the Secretarial Audit report is to be read with our letter of even date attached as ANNEXURE-A to this report and letter also forms the integral part of report.

**ANNEXURE-A**

To,  
The Members,  
**Patels Airtemp (India) Limited**  
CIN: L29190GJ1992PLC017801  
5<sup>th</sup> Floor, Kalpana Complex,  
Nr. Memnagar Fire Station,  
Navrangpura, Ahmedabad – 380009.

Dear Sir,

My Secretarial Audit Report of even date for the Financial Year ended on 31<sup>st</sup> March, 2022 is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India (ICSI).
4. I have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under other laws and regulations applicable to the Company and verification of documents and records procedures on test check basis.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
8. I have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.

UDIN: A026238D000629005  
Date: 15<sup>th</sup> July, 2022  
Place: Ahmedabad

**Signature: Sd/-**  
**Punit Santosh Kumar Lath**  
Practicing Company Secretary  
ACS No.: 26238, CoP No.: 11139  
Peer Review Certificate No.: 809/2020  
ICSI Unique Code: I2012GJ946500

**Annexure - H**  
**PARTICULARS OF EMPLOYEES REMUNERATION**

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:-

**(A) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-2022 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2021-2022:**

Sr. No.	Name of Directors & Key Managerial Personnel	Designation	Remuneration paid during the financial year 2021-22 (₹ in Lakhs)	Remuneration paid during the financial year 2020-21 (₹ in Lakhs)	Increase in Remuneration from previous year (₹ in Lakhs)	% Increase in the Remuneration of Directors, CFO & CS	Ratio/Times per Median of Employee Remuneration
1.	Narayanbhai G. Patel	Chairman & Whole-time Director	37.29	37.66	# Nil	Nil	10.18
2.	Sanjivkumar N. Patel	Managing Director	36.94	36.74	# Nil	Nil	10.08
3.	Apurva V. Shah *	Whole-time Director	30.44	28.84	1.60	5.57	8.31
4.	Shivang P. Patel	Whole-time Director	41.83	38.49	# Nil	Nil	11.41
5.	Kamlesh R. Shah	Chief Financial Officer	12.72	11.20	1.52	13.54	3.47
6.	Nikhil M. Patel	Company Secretary	14.11	12.46	1.65	13.25	3.85

**Note:**

\* Mr. Apurva V. Shah (DIN: 08197983) has been re-appointed as Whole-time Director of the Company for a further period of 3 years with effect from 11<sup>th</sup> August, 2021 up to 10<sup>th</sup> August, 2024 with remuneration of ₹ 2,30,000/- p.m. plus perquisites and allowances. Subsequently, the remuneration has been increased from ₹ 2,30,000/- p.m. to ₹ 2,90,000/- p.m. plus perquisites and allowances, for the period from 1<sup>st</sup> January, 2022 to 10<sup>th</sup> August, 2024.

# The Company did not increase the remuneration of Mr. Narayanbhai G. Patel, Mr. Shivang P. Patel, Whole-time Directors and Mr. Sanjivkumar N. Patel, Managing Director during the financial year 2021-2022 and the variation of Remuneration between 2021-2022 and 2020-2021 is due to perquisites & allowances paid to the said Directors.

- The Company does not pay any remuneration to the Independent Directors of the Company except sitting fees for attending Board Meetings.

**(B)** Median Remuneration for Financial Year 2021-2022 is ₹ 3.66 Lakhs.

**(C)** The Median Remuneration of employees in the Financial Year 2021-2022 increased by 0.07% as compared to Financial Year 2020-2021.

**(D)** The number of permanent employees on the rolls of Company: 202 employees

- (E) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :-**

As compared to average percentile increase in the salary of the employees during the financial year 2021-2022, there are no exceptional circumstances for increase in the managerial remuneration.

- (F) Affirmation:** The Company affirms that the remuneration of the Whole-time Directors and Managing Director and Employees of the Company are as per the remuneration policy of the Company.

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

**(A) Top 10 Employees Remuneration :**

Sr. No.	Name of Employees	Designation	Age (Years)	Date of Appointment	Qualification	Remuneration (₹ In Lacs)	Experience (Years)
1.	Narayanbhai G. Patel	Chairman & Whole-time Director	82	10/06/1992	B.E. (Mechanical) M.E. (Air & Refr.)	37.29	56
2.	Sanjivkumar N. Patel	Managing Director	49	30/09/2009	B.E. (Chemical) MBA (USA)	36.94	26
3.	Apurva V. Shah	Whole-time Director	59	11/08/2018	B.E. (Mechanical) P.G.D. in Air & Refr.	30.44	34
4.	Shivang P. Patel	Whole-time Director	30	01/06/2019	B.E. (Mechanical) MBA in Global Marketing, London, UK	41.83	8
5.	Saket S. Bhatt	Vice President (Marketing)	51	01/09/2013	B.E. (Mechanical)	20.04	26
6.	Nikhil M. Patel	Company Secretary	58	01/01/2016	B. Com, LLB, ACS	14.11	31
7.	Jatin N. Patel	Works Manager (Production-HE-PV)	51	19/02/2008	Diploma in Mechanical	13.73	26
8.	Janak R. Patel	Manager (PGMNBD)	43	12/02/2010	B.E. (Mechanical) MBA	13.55	21
9.	Kamlesh R. Shah	Chief Financial Officer (CFO)	72	09/01/1973	M. Com	12.72	49
10.	Kalpesh G. Patel	Works Manager (Production HVAC)	51	04/05/1971	Diploma in Mechanical	12.10	24

- (B)** The statement of particulars of employees under Section 197(12) read with Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not provided, as during the financial year under review, no employee of the Company including Whole-time Directors & Managing Directors, was in receipt of remuneration in excess of the limits set out in the said Rules.

## INDEPENDENT AUDITOR'S REPORT

To,

The Members of **PATELS AIRTEMP (INDIA) LIMITED**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **PATELS AIRTEMP (INDIA) LIMITED** ("the company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, the Statement of Profit & Loss (including other comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read together with significant accounting policies and accompanying notes thereon give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2022, its Profit (including other comprehensive income), the changes in equity and its cash flow for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by ICAI together with the ethical requirement that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013

and the rules thereunder and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial

statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the



financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
  - a) We have sought & obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b) In our opinion, proper books of account 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 & Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules 2015, as amended.
- e) On the basis of the written representation received from the directors as on 31<sup>st</sup> March, 2022 taken on record by Board of Directors, none of the director is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
- f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion, and to the best of our information and according to the information and explanations given to us, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- h) With respect to other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The company has disclosed pending litigations which would impact its standalone financial statements.
  - ii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
  - iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) the Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v) The dividend proposed in the previous year, declared and paid by the company during the year is in accordance with section 123 of the Act, to the extent it applies to payment of dividend.
2. As required by 'the Companies (Auditors' Report) Order, 2020 ("the Order")', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**For SHAH & SHAH ASSOCIATES**

Chartered Accountants  
Firm Registration. No. 113742W

**VASANT C.TANNA**

PARTNER

Membership Number: 100422

UDIN: 22100422AJUUV3522

Place: Ahmedabad.

Date : 28<sup>th</sup> May,2022

## **“Annexure A” to the Independent Auditors’ Report of even date on the Standalone Financial Statements of PATELS AIRTEMP (INDIA) LIMITED,**

Referred to in paragraph 2(f) under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2022.

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).**

We have audited the internal financial controls over financial reporting of PATELS AIRTEMP (INDIA) LIMITED, (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls:**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (IFCOFR) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit or internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued

by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Control Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally-accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally-accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial

controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**For SHAH & SHAH ASSOCIATES**

Chartered Accountants  
Firm Registration. No. 113742W

**VASANT C.TANNA**

PARTNER

Membership Number: 100422

UDIN: 22100422AJUUVJ3522

Place: Ahmedabad.

Date : 28<sup>th</sup> May,2022

**“Annexure B” to the Independent Auditors’ Report of even date on the Standalone Financial Statements of PATELS AIRTEMP (INDIA) LIMITED,**

Referred to in paragraph 2 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2022:

1. In respect of company’s property, plant and equipment and intangible assets:
  - a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - b) As explained to us, all the Property, Plant and Equipment have been physically verified by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) According to the information and explanations given to us and on the basis of records examined by us, we report that, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
  - d) According to the information and explanations given to us and on the basis of records examined by us, we report that, the Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
- e) According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
2. (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the coverage and procedure of such verification is appropriate. The discrepancies noticed on verification between the physical stocks and book records were not 10% or more in aggregate for each class of inventories.
- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks on the basis of security of current assets. The quarterly statements filed by the company with consortium of Banks are not in agreement with the books of accounts of the Company and the details are as follows:

Quarter	Aggregate of Stock & Book Debts as per quarterly statement	Aggregate of Stock & Book Debts as per books of accounts	Difference	Reason for discrepancies
June-21	10,386.08	11,137.45	751.37	<p>(a) In the case of the Company, invariably, the aggregate value of Stocks &amp; Book Debts as submitted is more than the fund based limit sanctioned by consortium of Banks from time to time.</p> <p>(b) The differences in inventories and trade receivables are majorly on account of goods in transit where the goods have been physically dispatched from the Company location however, the same has not been considered as revenue for the purpose of revenue recognition principles and hence reversed in books of accounts for respective quarter ends.</p> <p>(c) The management, as per their understanding with banks, submits stock statement on the basis of physical stock as available at respective locations at the period end. Accordingly adjustment for Goods in transit (inward and outward) is not considered for the purpose of filing statements with banks.</p> <p>(d) Further, there are other differences on account of recording of liquidated damages deducted from the invoice post submission of statements to the banks.</p>
Sept-21	12,328.08	13,043.13	715.05	
Dec-21	8,494.74	9,951.52	1,456.78	
March-22	8,467.87	9,768.80	1,300.93	

3. According to the information and explanations given to us and on the basis of examination of books and records by us:

(a) The company has not provided any loans or provided any advances in the nature of loans or stood guarantee or provided security to any other entity except loan granted/provided to a subsidiary:

(A) The aggregate amount granted during the year is ₹4.36 Lakhs and

balance of such loan outstanding as at balance sheet date amounting to ₹11.71 Lakhs;

(B) The Company has not granted any loans or provided advances in the nature of loans or stood guarantee or provided security to its subsidiaries and associates during the year. Accordingly, reporting under clause 3(iii)(a)(B) of the Order is not applicable.

- (b) The terms and conditions of the grant of loan as referred to in (A) above are prima facie not prejudicial to the interest of the company;
- (c) In respect of loans so granted by the Company, the schedule of repayment of principal has not been stipulated.
- (d) In respect of loans so granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) Loan granted by the company which has fallen due during the year, has not been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same party.
- (f) The company has not granted any loans or advances in the nature of loans either repayable on demand. However, in respect of loan granted to a subsidiary terms or period of repayment has not been specified.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act with respect to grant of loans, investments made, guarantees given and securities provided, if any.
5. According to the information and explanations given to us, the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014 with regard to the deposits accepted from the public are not applicable. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any tribunal.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
7. a) As per information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, Goods and Service tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- There are no outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, Goods & service tax and cess which have not been deposited on account of any dispute except as under:

(₹ in lakhs)

Name of Statute	Nature of Dues	Forum where Dispute is pending	Amount Demanded	Amount paid	Period to Which amount relates
Central Sales Tax Act, 1956	Central Sales Tax, Interest & Penalty	Dy. Commissioner of Commercial Tax (Appeals)	4.38	0.46	2016-17
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	6.48	--	2017-18

8. According to the information and explanations given to us, the Company did not have any transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).



9. (a) Based on our audit procedures and as per the information and explanations given to us, the company has not defaulted in repayment of dues to banks or any lenders. The Company has not taken any loan or borrowings from financial institution and Government and has not issued any debentures during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedure, the Company is not declared willful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations given to us and on the basis of books of accounts examined by us, the term loans taken during the year have been applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, funds raised on short- term basis have, prima facie, not been utilized for long-term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that during the year the Company has not taken any funds from an entity or person, on account of or to meet the obligations of its subsidiary.
- (f) According to the information and explanations given to us and procedures performed by us, the company has not raised any loans during the year on the pledge of securities held in its subsidiary.
10. (a) According to the information and explanations given to us and on the basis of the books and records examined by us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) Based upon the audit procedures performed and information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, the provisions of clause 3(x)(b) of the Order is not applicable to the company.
11. (a) On the basis of the books and records examined by us and according to the information and explanations given to us, we report that no fraud by the company and no fraud on the company has been noticed or reported during the year under review.
- (b) According to the information and explanations given to us , no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As represented to us by the management, the company has not received any whistle blower complaints during the year and up to date of this report.
12. The company is not a Nidhi Company, Therefore, the provisions of clause 3(xii) of the Order is not applicable to the company.
13. According to the information and explanations given to us and on the basis of records of the Company examined by us, transactions with related parties are in compliance with Sections 177 and 188 of Act and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
14. (a) According to the information and explanations given to us, in our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

- (b) We have considered, the internal audit report for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected to its directors. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the company.
  16. According to the information and explanations given to us and in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b), (c) and (d) of the Order are not applicable.
  17. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
  18. There has been no resignation of the statutory auditors of the company during the year. Accordingly clause 3(xviii) of the Order is not applicable.
  19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
  20. There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of Section 135 of the said Act. According to the information and explanation given to us, there is no ongoing project with respect to Corporate Social Responsibility (CSR). Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable for the year.
  21. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For SHAH & SHAH ASSOCIATES**

Chartered Accountants

Firm Registration. No. 113742W

**VASANT C.TANNA**

PARTNER

Membership Number: 100422

UDIN: 22100422AJUUVJ3522

Place: Ahmedabad.

Date : 28<sup>th</sup> May, 2022

## STANDALONE BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH, 2022

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
a)	Property, plant and equipment	3(A)	4,621.01	4,254.11
b)	Capital work-in-progress	3(B)	7.76	105.48
c)	Other Intangible assets	3(C)	94.67	17.98
d)	Financial Assets:			
	Investments	4	7.18	7.18
	Loans	5	11.71	7.35
	Other financial assets	6	7.10	8.50
e)	Other non-current assets	7	18.36	18.24
			<b>4,767.78</b>	<b>4,418.83</b>
<b>2)</b>	<b>Current assets</b>			
a)	Inventories	8	9,768.80	10,328.65
b)	Financial Assets:			
(i)	Trade receivables	9	9,334.77	9,167.54
(ii)	Cash and cash equivalents	10	622.65	1,165.39
(iii)	Bank balances other than (ii) above	11	1,210.61	1,137.50
(iv)	Other Financial assets	12	128.75	137.90
c)	Current tax assets (net)	13	41.32	0.12
d)	Other current assets	14	2,555.62	1,892.36
			<b>23,662.53</b>	<b>23,829.46</b>
	<b>TOTAL ASSETS</b>		<b>28,430.32</b>	<b>28,248.29</b>
	<b>EQUITY &amp; LIABILITIES :</b>			
	<b>EQUITY:</b>			
a)	Equity Share capital	15	507.02	507.02
b)	Other Equity	16	10,556.64	9,443.06
			<b>11,063.66</b>	<b>9,950.08</b>
	<b>LIABILITIES :</b>			
<b>1)</b>	<b>Non-Current Liabilities</b>			
a)	Financial Liabilities			
	Borrowings	17	2,906.79	1,442.53
b)	Provisions	18	35.17	35.25
c)	Deferred tax liabilities (Net)	19	182.75	161.83
			<b>3,124.71</b>	<b>1,639.61</b>
<b>2)</b>	<b>Current liabilities</b>			
a)	Financial Liabilities			
(i)	Borrowings	20	5,871.81	4,932.19
(ii)	Trade payables			
	Total outstanding dues of micro enterprises and small enterprises	21	1,171.33	1,529.01
	Total outstanding dues of creditors other than micro enterprises and small enterprises	21	3,004.09	4,351.09
			4,175.42	5,880.10
b)	Other current liabilities	22	4,174.33	5,776.75
c)	Provisions	23	20.40	69.56
			<b>14,241.95</b>	<b>16,658.60</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,430.32</b>	<b>28,248.29</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**

Chartered Accountants

Firm's Registration Number:113742W

**Vasant C. Tanna**

Partner

Membership No.100422

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**Patels Airtemp (India) Limited**

**Narayanbhai G. Patel**

Chairman & Whole Time Director

DIN:00023071

**Kamlesh R. Shah**

Chief Financial Officer

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022

**Sanjivkumar N. Patel**

Managing Director

DIN:02794095

**Nikhil M. Patel**

Company Secretary

**STANDALONE STATEMENT OF PROFIT & LOSS**FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2022

(₹ in Lakhs)

Particulars	Note No.	For the Year ended on 31 <sup>st</sup> March, 2022	For the Year ended on 31 <sup>st</sup> March, 2021
Revenue from Operations	24	30,321.97	25,539.84
Other Income	25	112.47	64.38
<b>Total Income</b>		<b>30,434.44</b>	<b>25,604.22</b>
<b>EXPENSES:</b>			
Cost of Materials consumed	26	17,622.37	14,829.26
Purchases of Stock-in-Trade	27	137.51	158.70
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	28	1,148.27	(368.91)
Employee benefits expense	29	1,210.92	1,202.48
Finance costs	30	901.51	798.10
Depreciation and amortization expense	3(a)&(c)	361.55	329.44
Other expenses	31	7,368.88	7,113.04
<b>Total Expenses</b>		<b>28,751.01</b>	<b>24,062.11</b>
<b>Profit Before Tax</b>		<b>1,683.43</b>	<b>1,542.11</b>
<b>Tax Expense:</b>			
Current tax		420.00	397.00
Deferred tax (Credit)/Charge		20.85	2.75
(Excess)/Short Provision of Earlier Years		2.45	5.58
<b>Total Tax Expenses</b>		<b>443.30</b>	<b>405.33</b>
<b>Net Profit for the year</b>		<b>1,240.12</b>	<b>1,136.78</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit Plan		0.28	(18.59)
Income tax relating to above item		(0.07)	4.68
<b>Total Other Comprehensive Income/(Loss)</b>		<b>0.21</b>	<b>(13.91)</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income)/(Loss) for the year)</b>		<b>1,240.33</b>	<b>1,122.87</b>
<b>Earnings per equity share (Face value of ₹10/- each)</b>			
Basic & Diluted (₹)		24.46	22.42

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**

Chartered Accountants

Firm's Registration Number:113742W

**Vasant C. Tanna**

Partner

Membership No.100422

For and on behalf of the Board of Directors

**Patels Airtemp (India) Limited****Narayanbhai G. Patel**

Chairman &amp; Whole Time Director

DIN:00023071

**Kamlesh R. Shah**

Chief Financial Officer

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022**Sanjivkumar N. Patel**

Managing Director

DIN:02794095

**Nikhil M. Patel**

Company Secretary

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022

## STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2022

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>A. Cash flow from operating activities</b>		
Profit before extraordinary items and tax	1,683.43	1,542.11
<b>Adjustments for:</b>		
Depreciation and amortisation expense	361.55	329.44
(Profit) / loss on assets sold and discarded	0.60	2.04
Interest Paid	901.51	798.10
Interest income	(73.70)	(64.02)
Remeasurement of Defined Benefit Plan	0.28	(18.59)
<b>Operating profit / (loss) before working capital changes</b>	<b>2,873.67</b>	<b>2,589.08</b>
<b>Changes in working capital:</b>		
Inventories	559.84	(182.87)
Trade receivables	(167.23)	(25.88)
Loans and advances	9.15	14.12
Other financial assets	1.40	11.57
Other current assets	(736.37)	(462.39)
Trade payables	(1,704.68)	(538.39)
Other current liabilities	(1,602.42)	(232.98)
Short-term provisions	(49.16)	50.86
Long-term provisions	(0.09)	3.64
<b>Cash generated from operations</b>	<b>(815.89)</b>	<b>1,226.76</b>
Income tax paid (Net of refunds)	(463.65)	(380.59)
<b>Net cash flow from operating activities (A)</b>	<b>(1,279.54)</b>	<b>846.16</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets	(709.15)	(971.13)
Proceeds from sale of fixed assets	1.00	2.90
Interest Received	73.70	64.02
<b>Net cash flow used in investing activities (B)</b>	<b>(634.45)</b>	<b>(904.21)</b>
<b>C. Cash flow from financing activities</b>		
Net increase/(Decrease) in Long Term borrowings	1,464.26	107.63
Net increase/(Decrease) in working capital borrowings	939.62	1,804.34
Long term loans and advances	(4.36)	0.19
Interest Paid	(901.51)	(798.10)
Dividend Paid	(126.76)	(126.76)
<b>Net cash flow used in Financing activities (C)</b>	<b>1,371.25</b>	<b>987.30</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(542.74)</b>	<b>929.26</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,165.39</b>	<b>236.14</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>622.65</b>	<b>1,165.39</b>

Note: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm's Registration Number:113742W

**Vasant C. Tanna**  
Partner  
Membership No.100422

Place: Ahmedabad  
Date: 28<sup>th</sup> May, 2022

For and on behalf of the Board of Directors  
**Patels Airtemp (India) Limited**

**Narayanbhai G. Patel**  
Chairman & Whole Time Director  
DIN:00023071

**Kamlesh R. Shah**  
Chief Financial Officer  
Place: Ahmedabad  
Date: 28<sup>th</sup> May, 2022

**Sanjivkumar N. Patel**  
Managing Director  
DIN:02794095

**Nikhil M. Patel**  
Company Secretary

**STANDALONE STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2022**A) EQUITY SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balance at the beginning of the reporting year	507.02	507.02
Changes in Share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	507.02	507.02
Changes in Equity Share capital during the year	-	-
<b>Balance at the end of the reporting year</b>	<b>507.02</b>	<b>507.02</b>

**B) OTHER EQUITY**

(₹ in Lakhs)

Particulars	Capital Investment Subsidy	General Reserve	Retained Earnings	Total
<b>Balance as of April 1, 2021</b>	<b>15.00</b>	<b>815.00</b>	<b>8,613.06</b>	<b>9,443.06</b>
Net Profit for the year	-	-	1,240.12	1,240.12
Items of Other Comprehensive income for the year (Net of Tax)				
Remeasurement benefit of defined benefit plans (Net of Tax)	-	-	0.21	0.21
Dividend	-	-	(126.76)	(126.76)
<b>Balance as of March 31, 2022</b>	<b>15.00</b>	<b>815.00</b>	<b>9,726.64</b>	<b>10,556.64</b>
<b>Balance as of April 1, 2020</b>	<b>15.00</b>	<b>815.00</b>	<b>7,616.95</b>	<b>8,446.95</b>
Net Profit for the year	-	-	1,136.78	1,136.78
Items of Other Comprehensive income for the year (Net of Tax)				
Remeasurement benefit of defined benefit plans (Net of Tax)	-	-	(13.91)	(13.91)
Dividend	-	-	(126.76)	(126.76)
<b>Balance as of March 31, 2021</b>	<b>15.00</b>	<b>815.00</b>	<b>8,613.06</b>	<b>9,443.06</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**

Chartered Accountants

Firm's Registration Number:113742W

**Vasant C. Tanna**

Partner

Membership No.100422

For and on behalf of the Board of Directors

**Patels Airtemp (India) Limited****Narayanbhai G. Patel**

Chairman &amp; Whole Time Director

DIN:00023071

**Kamlesh R. Shah**

Chief Financial Officer

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022**Sanjivkumar N. Patel**

Managing Director

DIN:02794095

**Nikhil M. Patel**

Company Secretary

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company is a Public Company domiciled in India and incorporated Company incorporated on 10.06.1992 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. The Company's equity shares are listed on Bombay Stock Exchange (BSE). The Company is also having a wholly owned subsidiary company Patels Airtemp (USA) Inc; in USA.

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates.

### 2. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:

#### (a) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time and other relevant provisions of the Act.

#### (b) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements have been prepared under the historical cost basis and in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, including rules notified under the relevant provisions of companies Act, 2013.

#### (c) USE OF ESTIMATES :

In the preparation of financial statements, the Company makes judgements in the application of accounting policies; and estimates and assumptions which affects carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

#### (d) PROPERTY, PLANT AND EQUIPMENT:

- i) Property, Plant and Equipment are stated at original cost (net of tax/duty credit availed) less accumulated depreciation and impairment losses. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, and pre-operative expenses including attributable borrowing costs incurred during pre-operational period.
- ii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.



## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

- iii) Assets which are not ready for their intended use on reporting date are carried as capital work-in-progress at cost, comprising direct cost and related incidental expenses.
- iv) On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment as at 1<sup>st</sup> April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.
- v) Property, Plant and Equipment including continuous process plants are depreciated and/or amortised on the basis of their useful lives as notified in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
- vi) Depreciation in respect of additions to assets has been charged on pro rata basis with reference to the period when the assets are ready for use. The provision for depreciation for multiple shifts has been made in respect of eligible assets on the basis of operation of respective units.
- vii) An asset's carrying amount is written down immediately on discontinuation to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Profit/ Loss on Sale and Discard of Fixed Assets.
- viii) Useful lives of the Property, Plant and Equipment as notified in Schedule II to the Companies Act, 2013 are as follows:
  - Buildings - 3 to 60 years
  - Plant and Equipments - 15 to 25 years
  - Furniture and Fixtures - 10 years
  - Vehicles - 8 to 10 years
  - Office Equipments - 5 to 10 years
- ix) At each balance sheet date, the Company reviews the carrying amount of property, plant and equipment to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

### (e) INTANGIBLE ASSETS:

- i) Intangible assets acquired by payment e.g. Computer Software are disclosed at cost less amortization on a straight-line basis over its estimated useful life.
- ii) Intangible assets are carried at cost, net of accumulated amortization and impairment loss, if any.
- iii) On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets as at 1<sup>st</sup> April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.
- iv) Intangible assets are amortized on straight-line method as follows:
  - Computer Software - 5 years

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

- v) At each balance sheet date, the Company reviews the carrying amount of intangible assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

### (f) REVENUE RECOGNITION:

- i) The Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services are recognized at a time on which the performance obligation is satisfied

- ii) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- iii) Other income is recognized when there is certainty of its being realized.

### (g) EMPLOYEE BENEFITS:

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- ii) Post-Employment and Retirement benefits in the form of Gratuity are considered as defined benefit obligations and is provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972.
- iii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on government bonds that have terms approximating to the terms of the related obligation.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

- iv) Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organization established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid.

### (h) VALUATION OF INVENTORIES:

- i) The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. The costs of Raw Materials, Stores and spare parts etc., consumed consist of purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the procurement.
- ii) Stock of Raw Materials are valued at cost and of those in transit and at port related to these items are valued at cost to date. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Material and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.
- iii) Stock in respect of Work-in-process, Stores and spare parts, and Tools & Spares are valued at cost;
- iv) Stock of Finished goods and stock-in-trade is valued at lower of cost or net realizable value.

### (i) CASH FLOW STATEMENT:

- i) Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company is segregated.
- ii) Cash and cash equivalents in the balance sheet comprise cash at bank, cash/cheques in hand and short term investments with an original maturity of three months or less.

### (j) FINANCIAL ASSETS:

- i) The Company classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those to be measured at amortized cost.
- ii) Trade receivables are impaired using the lifetime expected credit loss model under simplified approach. The Company uses a matrix to determine the impairment loss allowance based on its historically observed default rates over expected life of trade receivables and is adjusted for forward looking estimates. At every reporting date, the impairment loss allowance is determined and updated and the same is deducted from Trade Receivables with corresponding charge/credit to Profit and Loss.
- iii) A financial asset is derecognized only when the Company has transferred the rights to receive cash flows from the financial asset, or when it has transferred substantially all the risks and rewards of the asset, or when it has transferred the control of the asset.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### (k) FINANCIAL LIABILITIES:

- i) Borrowings are initially recognized and subsequently measured at amortized cost, net of transaction costs incurred. The transaction costs is amortized over the period of borrowings using the effective interest method in Capital Work in Progress upto the commencement of related Plant, Property and Equipment and subsequently under finance costs in profit and loss account.
- ii) Borrowings are removed from balance sheet when the obligation specified in the contract is discharged, cancelled or expired.
- iii) Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.
- iv) Trade Payables represent liabilities for goods and services provided to the Company upto to the end of the financial year. The amounts are unsecured and are usually paid as per the terms of payment agreed with the vendors. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially and subsequently measured at amortized cost.
- v) Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### (l) FAIR VALUE MEASUREMENT:

- i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.
- ii) The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- iii) A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- iv) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

### (m) FOREIGN CURRENCY TRANSACTIONS:

- i) The Company's financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency and all values are rounded to the nearest Lakhs (00,000) except otherwise indicated.
- ii) Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

- iii) Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

### (n) BORROWING COSTS:

- i) Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds.
- ii) General and specific borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use.
- iii) All other borrowing costs are expensed in the period in which they are incurred.

### (o) ACCOUNTING FOR TAXES ON INCOME:

- i) Tax expenses comprise of current tax and deferred tax including applicable surcharge and cess.
- ii) Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.
- iii) Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilized.
- iv) The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Un recognized deferred tax asset are reassessed at each reporting date and are recognized to the extent that it is become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.
- v) Deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income. As such, deferred tax is also recognised in other comprehensive income.
- vi) Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the Deferred Tax Assets and Deferred Tax Liabilities relate to taxes on income levied by same governing taxation laws.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### (p) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

- i) Provisions are made when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate is made of the amount of the obligation.
- ii) Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts. Contingent liabilities is disclosed in case of a present obligation from past events (a) when it is not probable that an outflow of resources will be required to settle the obligation;(b) when no reliable estimate is possible;(c)unless the probability of outflow of resources is remote.
- iii) Contingent assets are not accounted but disclosed by way of Notes on Accounts where the inflow of economic benefits is probable.

### (q) CURRENT AND NON-CURRENT CLASSIFICATION:

- i) The Normal Operating Cycle for the Company has been assumed to be of twelve months for classification of its various assets and liabilities into "Current" and "Non-Current".
- ii) The Company presents assets and liabilities in the balance sheet based on current and non-current classification.
- iii) An asset is current when it is (a) expected to be realized or intended to be sold or consumed in normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; (d) Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.
- iv) A liability is current when (a) it is expected to be settled in normal operating cycle; (b) it is held primarily for the purpose of trading; (c) it is due to be discharged within twelve months after the reporting period; (d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

### (r) EARNING PER SHARE:

- i) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- ii) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (s) EXPENSES FOR CORPORATE SOCIAL RESPONSIBILITY:

In case of CSR activities undertaken by the Company, if any expenditure of revenue nature is incurred or an irrevocable contribution is made to any agency to be spent by the latter on any of the activities mentioned in Schedule VII to the Companies Act, 2013, the same is charged as an expense to its Statement of Profit and Loss.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### (t) RECENT ACCOUNTING PRONOUNCEMENT:

- (i) Amendment to Ind AS 109 "Financial Instruments" and Ind AS 107 "Financial Instruments: Disclosures" - Interest rate Benchmark Reform Phase 2.
- (ii) Amendment to Ind AS 103 "Business Combination" – Reference to Conceptual Framework.
- (iii) Amendment to Ind AS 16 "Property, Plant and Equipment" – Proceeds before intended use.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### (u) RECLASSIFICATIONS DUE TO AMENDMENTS TO SCHEDULE III:

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 01, 2021.

Consequent to above, the company has changed the classification/ presentation of Security deposits: Security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets'. Previously, these deposits were included in 'Other Non-Current Assets'.



## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 3 (A) PROPERTY, PLANT & EQUIPMENT

Particulars	Freehold Land	Buildings	Plant and Equipment	Electrical Installations	Furniture and Fixtures	Vehicles	Office equipment	Computers	Road	TOTAL
(₹ in Lakhs)										
<b>Gross Carrying Value</b>										
As at April 1, 2021	842.50	1,507.42	3,699.97	246.92	165.91	535.51	109.41	78.66	107.30	7,293.59
Additions	-	540.26	57.68	26.00	7.14	57.29	27.61	1.34	-	717.32
Disposal / Adjustments	-	-	-	-	-	32.06	-	-	-	32.06
As at 31 <sup>st</sup> March 2022	842.50	2,047.68	3,757.65	272.92	173.05	560.74	137.02	80.00	107.30	7,978.85
<b>Accumulated Depreciation</b>										
As at April 1, 2021	-	356.29	1,883.08	128.71	96.93	363.45	70.57	68.35	72.09	3,039.47
Charge for the year	-	50.95	188.42	26.14	9.84	46.25	10.32	5.36	11.53	348.82
Disposal / Adjustments	-	-	-	-	-	30.46	-	-	-	30.46
As at 31 <sup>st</sup> March 2022	-	407.24	2,071.50	154.85	106.78	379.25	80.89	73.71	83.63	3,357.84
<b>Net Carrying Value</b>										
As at 31 <sup>st</sup> March 2022	842.50	1,640.43	1,686.15	118.07	66.28	181.49	56.13	6.30	23.67	4,621.01
<b>Gross Carrying Value</b>										
As at April 1, 2020	767.79	760.46	3,388.40	236.04	156.47	516.39	89.50	78.13	73.17	6,066.34
Addition	74.71	746.96	329.85	10.88	9.44	19.12	19.91	0.53	34.13	1,245.53
Disposal / Adjustments	-	-	18.28	-	-	-	-	-	-	18.28
As at 31 <sup>st</sup> March 2021	842.50	1,507.42	3,699.97	246.92	165.91	535.51	109.41	78.66	107.30	7,293.59
<b>Accumulated Depreciation</b>										
As at April 1, 2020	-	318.04	1,716.38	109.61	86.25	315.69	62.57	62.30	60.56	2,731.40
Charge for the year	-	38.25	180.05	19.10	10.69	47.76	8.00	6.05	11.53	321.42
Disposal / Adjustments	-	-	13.35	-	-	-	-	-	-	13.35
As at 31 <sup>st</sup> March 2021	-	356.29	1,883.08	128.71	96.93	363.45	70.57	68.35	72.09	3,039.47
<b>Net Carrying Value</b>										
As at 31 <sup>st</sup> March 2021	842.50	1,151.12	1,816.89	118.22	68.98	172.06	38.83	10.31	35.20	4,254.11

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 3(B) CAPITAL WORK IN PROGRESS

The Capital work in progress represent Capital Inventory and direct/ incidental expenses incurred during construction period in connection with proposed project which will be capitalised on commencement of commercial production, consequently expenses disclosed under the respective note are net of such amount. The details of the same is as under:

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Opening Balance (a)	105.48	349.70
Additions (b)	522.58	750.45
Less: Amount capitalized /deduction during the year (c)	620.30	994.67
<b>Closing Balance (a)+(b)-(c)</b>	<b>7.76</b>	<b>105.48</b>

#### (i) CWIP Ageing Schedule:

As at 31<sup>st</sup> March, 2022

(₹ in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5.37	2.39	-	-	<b>7.76</b>
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>5.37</b>	<b>2.39</b>	-	-	<b>7.76</b>

As at 31<sup>st</sup> March, 2021

(₹ in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	50.98	54.50	-	-	<b>105.48</b>
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>50.98</b>	<b>54.50</b>	-	-	<b>105.48</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 3 (C) OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Goodwill	Technical Knowhow	Computer Software	Total
<b>Gross Carrying Value</b>				
<b>As at April 1, 2021</b>	<b>0.37</b>	<b>43.65</b>	<b>90.52</b>	<b>134.54</b>
Addition	-	-	89.43	89.43
Disposal / Adjustments	-	-	-	-
<b>As at 31<sup>st</sup> March 2022</b>	<b>0.37</b>	<b>43.65</b>	<b>179.95</b>	<b>223.96</b>
<b>Accumulated Amortization</b>				
<b>As at April 1, 2021</b>	<b>-</b>	<b>43.65</b>	<b>72.92</b>	<b>116.56</b>
Charge for the year	-	-	12.73	12.73
Disposal / Adjustments	-	-	-	-
<b>As at 31<sup>st</sup> March 2022</b>	<b>-</b>	<b>43.65</b>	<b>85.65</b>	<b>129.30</b>
<b>Net Carrying Value</b>				
<b>As at 31<sup>st</sup> March 2022</b>	<b>0.37</b>	<b>-</b>	<b>94.30</b>	<b>94.67</b>
<b>Gross Carrying Value</b>				
<b>As at April 1, 2020</b>	<b>0.37</b>	<b>43.65</b>	<b>78.52</b>	<b>122.54</b>
Addition	-	-	12.00	12.00
Disposal / Adjustments	-	-	-	-
<b>As at 31<sup>st</sup> March 2021</b>	<b>0.37</b>	<b>43.65</b>	<b>90.52</b>	<b>134.54</b>
<b>Accumulated Amortization</b>				
<b>As at April 1, 2020</b>	<b>-</b>	<b>43.65</b>	<b>64.90</b>	<b>108.54</b>
Charge for the year	-	-	8.02	8.02
Disposal / Adjustments	-	-	-	-
<b>As at 31<sup>st</sup> March 2021</b>	<b>-</b>	<b>43.65</b>	<b>72.92</b>	<b>116.56</b>
<b>Net Carrying Value</b>				
<b>As at 31<sup>st</sup> March 2021</b>	<b>0.37</b>	<b>-</b>	<b>17.61</b>	<b>17.98</b>

### 4 INVESTMENTS (Non Current)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Investment in Equity instruments</b>		
<b>in a Wholly Owned Subsidiary (WOS) Company, Unquoted (Measured at Amortised Cost):</b>		
10,00,000 Shares of Patels Airtemp (USA) Inc. of \$ 0.01 each	7.18	7.18
<b>Investment in Equity instruments-quoted (Measured at FVTPL):</b>		
14,000 Shares of M/s. Gujarat State Financial Corporation of ₹10/- each	2.80	2.80
Less: Provision for diminution in the value of Investments	2.80	2.80
	-	-
<b>Total</b>	<b>7.18</b>	<b>7.18</b>
<b>Aggregate amount of unquoted investments</b>	<b>7.18</b>	<b>7.18</b>

**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS****5 LOAN**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(Unsecured, Considered good)		
Loan to Patels Airtemp (USA) Inc. (A Wholly Owned Subsidiary (WOS) Company)	11.71	7.35
<b>Total</b>	<b>11.71</b>	<b>7.35</b>

**6 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Security Deposits	7.10	8.50
<b>Total</b>	<b>7.10</b>	<b>8.50</b>

**7 OTHER NON CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Capital Advances	18.36	18.24
<b>Total</b>	<b>18.36</b>	<b>18.24</b>

**8 INVENTORIES**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Raw Materials	2,949.40	2,369.49
Work In Progress	6,772.15	7,661.91
Tools and Spares	28.36	19.84
Finished Goods	-	249.79
Traded goods	18.89	27.61
<b>Total</b>	<b>9,768.80</b>	<b>10,328.65</b>

**9 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Secured, considered good	-	-
Unsecured, considered good	9,334.77	9,167.54
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total</b>	<b>9,334.77</b>	<b>9,167.54</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### Ageing Schedule:

As at 31<sup>st</sup> March, 2022

(₹ in Lakhs)

Capital Work In Progress	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade receivables - Considered good	7,109.94	941.86	809.85	213.98	259.15	9,334.77
Undisputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
Disputed Trade receivables - Considered good	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>7,109.94</b>	<b>941.86</b>	<b>809.85</b>	<b>213.98</b>	<b>259.15</b>	<b>9,334.77</b>

As at 31<sup>st</sup> March, 2021

(₹ in Lakhs)

Capital Work In Progress	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade receivables - Considered good	6,550.06	843.72	1,249.37	280.13	244.27	9,167.54
Undisputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
Disputed Trade receivables - Considered good	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>6,550.06</b>	<b>843.72</b>	<b>1,249.37</b>	<b>280.13</b>	<b>244.27</b>	<b>9,167.54</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 10 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balances with banks</b>		
(i) In current accounts	331.57	404.26
(ii) Other Earmarked accounts		
- Unpaid dividend accounts	14.28	14.58
(iii) In EEFC Account	270.76	741.74
Cash on hand	6.04	4.81
<b>Total</b>	<b>622.65</b>	<b>1,165.39</b>

### 11 BANK BALANCE (OTHER THAN CASH AND CASH EQUIVALENTS)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Earmarked balances with banks	1,210.61	1,137.50
<b>Total</b>	<b>1,210.61</b>	<b>1,137.50</b>

### 12 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Export Incentives Receivable	85.85	117.71
Interest accrued on deposits	42.90	20.19
<b>Total</b>	<b>128.75</b>	<b>137.90</b>

### 13 CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance Income Tax & TDS (Net of provision for taxation)	41.32	0.12
<b>Total</b>	<b>41.32</b>	<b>0.12</b>

### 14 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balance with government authorities	2,205.44	1,480.01
Advances for goods and services	265.61	352.45
Prepaid expenses	76.36	52.29
Other Receivable	8.20	7.62
<b>Total</b>	<b>2,555.62</b>	<b>1,892.36</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 15 EQUITY SHARE CAPITAL

Particulars	As At 31 <sup>st</sup> March, 2022		As At 31 <sup>st</sup> March, 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Authorized Share Capital	70,00,000	700.00	70,00,000	700.00
Issued, Subscribed & Paid up share capital	50,70,240	507.02	50,70,240	507.02
<b>Total</b>	<b>50,70,240</b>	<b>507.02</b>	<b>50,70,240</b>	<b>507.02</b>

#### b. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

##### Equity Shares

Particulars	As At 31 <sup>st</sup> March, 2022		As At 31 <sup>st</sup> March, 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Balance at the beginning of the reporting year	50,70,240	507.02	50,70,240	507.02
Issued during the period	-	-	-	-
Changes in Share capital due to prior period errors	-	-	-	-
<b>Balance at the end of the reporting year</b>	<b>50,70,240</b>	<b>507.02</b>	<b>50,70,240</b>	<b>507.02</b>

#### c. Terms/rights attached to equity shares

The Company has only one class of shares i.e. equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends, if any, in indian rupees. The dividend, recommended by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

#### d. Share holding details of the Company as at Balance Sheet date and name of persons holding more than 5% shares.

Name of Shareholder/Company	As At 31 <sup>st</sup> March, 2022		As At 31 <sup>st</sup> March, 2021	
	No. of Shares held	%	No. of Shares held	%
<b>Names of person holding more than 5% shares</b>				
Therm Flow Engineers Private Limited	13,62,512	26.87	13,62,512	26.87
Devidas Chelaram Narumalani	2,90,145	5.72	2,90,145	5.72
Rashmika Narendra Patel*	3,07,326	6.06	2,75,025	5.42

\*During the year 2021-2022, request of Reclassification of Mrs. Rashmika Narendra Patel holding 3,07,326 shares (6.06% of the share capital) from Promoter category to Public shareholder category has been duly approved by the shareholders and is subject to approval of BSE Limited.



## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### e. Shares held by the promoters:

Name of Promoters	As At 31 <sup>st</sup> March, 2022		As At 31 <sup>st</sup> March, 2021		As At 31 <sup>st</sup> March, 2022	As At 31 <sup>st</sup> March, 2021
	No. of Shares held	%	No. of Shares held	%	% Change during the year	% Change during the year
Narayanbhai Gangaram Patel	1,04,512	2.06	45,000	0.89	1.17	-
Sanjiv Narayanbhai Patel	1,39,000	2.74	1,39,000	2.74	-	-
Shivang Prakashchandra Patel <sup>^</sup>	60,100	1.19	60,100	1.19	-	-
Narendra Gopal Patel <sup>*</sup>	-	-	35,301	0.70	(0.70)	(5.30)
Rashmika Narendra Patel <sup>#</sup>	3,07,326	6.06	2,75,025	5.42	0.64	5.30
Devidas Chelaram Narumalani	2,90,145	5.72	2,90,145	5.72	-	-

<sup>\*</sup> During the year 2021-2022, Mrs. Rashmika Narendra Patel, wife of Late Mr. Narendra Gopal Patel & Member of Promoter Group has acquired 35,301 Equity Shares (0.70% of Share Capital) of the Company by way of Transmission by succession certificate due to sad demise of Late Mr. Narendra Gopal Patel resulting in total holding of 3,10,326 (6.12% of Share Capital) of the Company.

<sup>#</sup> Pursuant to the provisions of Regulation 31A (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") there is Change in category of Mrs. Rashmika Narendra Patel from "Promoter Group" to "Promoter" due to transmission of 3,10,326 equity shares held by Late Mr. Narendra Gopal Patel, one of the Promoters of the Company and Husband of Mrs. Rashmika Narendra Patel.

<sup>#</sup> During the year 2021-2022, Mrs. Rashmika Narendra Patel, Promoter of the Company has sold 3,000 Equity Shares of ₹ 10/- each of the Company representing 0.06% of the Share Capital in open market (reduced shareholding from 3,10,326 shares to 3,07,326 shares).

<sup>#</sup> During the year 2021-2022, request of Reclassification of Mrs. Rashmika Narendra Patel holding 3,07,326 shares (representing 6.06% of the share capital) from Promoter category to Public shareholder category has been duly approved by the shareholders and is subject to approval of BSE Limited.

<sup>^</sup> Pursuant to the provisions of Regulation 31A (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") there is Change in category of Mr. Shivang Prakashchandra Patel from "Promoter Group" to "Promoter" due to transmission of 60,000 equity shares by way of Will on 26<sup>th</sup> April, 2019 held by Mr. Prakash Narayanbhai Patel, one of the Promoters of the Company and father of Mr. Shivang Prakashchandra Patel due to death of Mr. Prakash Narayanbhai Patel on 15<sup>th</sup> February, 2019.

### 16 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>General Reserves</b>		
Balance as per last balance sheet	815.00	815.00
<b>Capital Subsidy</b>		
Balance as per last balance sheet	15.00	15.00
<b>Surplus in Statement of Profit &amp; Loss</b>		
Balance as per last balance sheet	8,613.06	7,616.95
Net Profit for the year	1,240.12	1,136.78
Items of Other Comprehensive Income for the year (Net of tax)	0.21	(13.91)
<b>Appropriations:</b>		
Dividend	126.76	126.76
	<b>9,726.64</b>	<b>8,613.06</b>
<b>Total</b>	<b>10,556.64</b>	<b>9,443.06</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### Nature and purpose of reserves:

**General Reserve:** Under the erstwhile Indian Companies Act 1956, a general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement of mandatory transfer of a specified percentage of the net profit to general reserve has been withdrawn and the Company can optionally transfer any amount from the surplus of profit and loss to the General reserves. This reserve is utilised in accordance with the specific provisions of the Companies Act 2013.

**Capital Subsidy:** represents investment linked capital subsidy received from the State Government

**Retained Earnings:** This represents the accumulated profits earned by the Company till date.

## 17 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Secured:</b>		
<b>Rupee Term Loans from Banks:</b>		
From Banks (refer note (a) & (b) below)	1,417.00	-
<b>Unsecured:</b>		
<b>Loans from related parties:</b>		
From Directors	512.70	571.03
From Relatives of Directors	977.09	871.50
<b>Total</b>	<b>2,906.79</b>	<b>1,442.53</b>

### Notes:

- Rupee term loan of ₹ 325 lakhs (Previous Year ₹ Nil) from Axis Bank Limited is secured by way of Hypothecation charge (2<sup>nd</sup> charge) on primary securities available for existing facilities on second ranking basis. 2<sup>nd</sup> charge over entire current assets and movable assets of the company, both present and future. The applicable interest rate is 7.75% p.a and repayable in 35 equal monthly principal instalments of ₹ 9,02,700/- each and last instalment of ₹ 9,05,500/- after moratorium period of 24 months from the date of first disbursement.
- Rupee term loan from Bank of Baroda aggregating to ₹ 1092 lakhs (Previous Year ₹ Nil) is secured by way of Hypothecation charge (2<sup>nd</sup> charge) with existing credit facilities in terms of cash flows (including repayments). Existing primary/ collateral securities would be extended to cover the ECLGS facility. The applicable interest rate is 7.50% p.a. and would be repaid in 36 equal monthly instalments after moratorium period of 24 months from the date of first disbursement.
- Above term loans from Axis Bank Limited & Bank of Baroda are further secured by way of equitable mortgage of revised resurvey Block No. 727, 728, 729, 730 and 714 (Old Block No. 805, 806, 807, 810 & 811) at Rakanpur, Tal. Kalol, Dist. Gandhinagar and Land & factory Building situated at New amalgamated survey No. 100 (Old Survey No. 100, 101, 102, 103 and 105) mouje Dudhai, Tal. Kadi, Dist. Mehsana and is further secured by personal guaranteed of (a) Mr. Narayanbhai G. Patel (b) Mr. Apurva V. Shah (c) Mr. Sanjivkumar N. Patel and (d) Mr. Shivang P. Patel, directors of the company.
- All the loans taken by the Company have been utilised for the purpose for which the same was taken. The Company is regular in payment of interest thereon.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 18 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Provision for Employee Benefits	35.17	35.25
<b>Total</b>	<b>35.17</b>	<b>35.25</b>

### 19 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(a) Deferred Tax Liabilities:</b>		
Difference between book and tax block	205.48	195.32
	<b>205.48</b>	<b>195.32</b>
<b>(b) Deferred Tax Assets</b>		
Disallowances of employee benefits u/s. 43B of the Income Tax	10.16	20.85
Remeasurement benefit of the defined benefit plans through OCI	12.57	12.64
	<b>22.72</b>	<b>33.49</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>182.75</b>	<b>161.83</b>

### 20 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Secured :</b>		
Working capital facilities from Banks (Refer Note below)	5,871.81	4,932.19
<b>Total</b>	<b>5,871.81</b>	<b>4,932.19</b>

**Note:**

- (a) Working Capital facilities from Banks 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 pari passu charge on plant & machinery, other movable assets of the Company as well as further secured by way of equitable mortgage of Plot No. 805, 806, 807, 810 and 811 at Rakanpur, Tal. Kalol, Dist. Gandhinagar and Land & factory Building situated at New amalgamated survey No.100 (Old Survey No. 100,101,102,103 and 105) mouje Dudhai, Tal. Kadi, Dist. Mehsana as well as Lien over FDR of ₹59.00 Lakhs as collateral security and is further secured by personal guaranteed of (a) Mr. Narayanbhai G. Patel (b) Mr. Apurva V. Shah (c) Mr. Sanjivkumar N. Patel and (d) Mr. Shivang P. Patel, directors of the company.

### 21 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Total outstanding dues of micro enterprises and small enterprises (Refer Note No 37)	1,171.33	1,529.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,004.09	4,351.09
<b>Total</b>	<b>4,175.42</b>	<b>5,880.10</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### Ageing Schedule:

As at 31<sup>st</sup> March, 2022

(₹ in Lakhs)

Capital Work In Progress	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
MSME	1,171.33	-	-	-	1,171.33
Others	2,995.48	8.61	-	-	3,004.09
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>4,166.81</b>	<b>8.61</b>	<b>-</b>	<b>-</b>	<b>4,175.42</b>

As at 31<sup>st</sup> March, 2021

(₹ in Lakhs)

Capital Work In Progress	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
MSME	1,529.01	-	-	-	1,529.01
Others	4,328.61	18.95	1.80	1.73	4,351.09
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>5,857.62</b>	<b>18.95</b>	<b>1.80</b>	<b>1.73</b>	<b>5,880.10</b>

## 22 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance Received from Customers	4,135.63	5,683.14
Creditors for capital expenditure	2.40	38.58
Statutory Remittances	22.02	40.45
Unclaimed Dividend	14.28	14.58
<b>Total</b>	<b>4,174.33</b>	<b>5,776.75</b>

## 23 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Provision for Employee Benefits	20.40	69.56
<b>Total</b>	<b>20.40</b>	<b>69.56</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 24 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>Sale of products</b>		
Domestic	22,898.72	18,756.59
Export	6,847.61	6,196.53
	<b>29,746.33</b>	<b>24,953.12</b>
Sale of Services	134.84	138.27
Other Operating Revenue (incl.export incentives)	440.80	448.45
<b>Total</b>	<b>30,321.97</b>	<b>25,539.84</b>

### 25 OTHER INCOME

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Interest received	73.70	64.02
Foreign Exchange Rate Difference (Net)	38.41	-
Rent Received	0.36	0.36
<b>Total</b>	<b>112.47</b>	<b>64.38</b>

### 26 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Stocks of Raw materials at the beginning of the year	2,369.49	2,549.13
Add: Purchases during the year	18,202.27	14,649.62
	<b>20,571.76</b>	<b>17,198.75</b>
Less: Stocks of Raw materials at the end of the year	2,949.40	2,369.49
<b>Total</b>	<b>17,622.37</b>	<b>14,829.26</b>

### 27 PURCHASE OF STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Purchase of traded goods- Window & Split AC & Accessories	137.51	158.70
<b>Total</b>	<b>137.51</b>	<b>158.70</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 28 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE & WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>Closing Inventories</b>		
Work -in-Progress	6,772.15	7,661.91
Finished Goods	-	249.79
Stock-in-trade	18.89	27.61
	<b>6,791.04</b>	<b>7,939.31</b>
<b>Opening Inventory</b>		
Work -in-Progress	7,661.91	7,044.45
Finished Goods	249.79	512.02
Stock-in-trade	27.61	13.93
	<b>7,939.31</b>	<b>7,570.40</b>
<b>Total</b>	<b>1,148.27</b>	<b>(368.91)</b>

### 29 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Salaries, wages and allowances	1,103.30	1,106.22
Contributions to Provident Fund and other Funds	73.41	68.70
Staff welfare expenses	34.21	27.55
<b>Total</b>	<b>1,210.92</b>	<b>1,202.48</b>

### 30 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Interest Expense	652.88	566.12
Other borrowing costs	248.63	231.98
<b>Total</b>	<b>901.51</b>	<b>798.10</b>

**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS****31 OTHER EXPENSES**

(₹ in Lakhs)

<b>Particulars</b>	<b>For the Year ended 31<sup>st</sup> March, 2022</b>	<b>For the Year ended 31<sup>st</sup> March, 2021</b>
Rates and taxes	8.28	13.87
Insurance	23.07	21.48
Power and Fuel	195.11	189.35
Consumption of Stores , Spares & Tools	860.17	876.68
Consumption of Packing Materials	124.92	102.32
Labour Charges	2,640.64	2,716.79
Testing & Inspection charges	209.80	290.92
Repairs to Buildings	46.93	19.29
Repairs to Machinery	193.83	219.08
Repairs to Others	43.60	29.72
Printing and stationery	68.55	33.55
Communication Expenses	52.82	37.45
Travelling and conveyance	170.27	114.20
Legal and professional fees	232.69	409.73
Payments to auditors*	4.57	2.27
Freight and forwarding Charges	1,218.23	963.31
Commission expenses	26.12	40.14
Business Promotion Expenses	16.20	3.66
Expenditure incurred towards Corporate Social Responsibility (Refer Note-38)	27.50	25.51
Foreign Exchange Rate Difference (Net)	-	20.62
Late Delivery Charges /Liquidated damages	849.21	651.71
Bad debts written off	64.86	52.45
Loss on sale of Property, Plant & Equipment (Net)	0.60	2.04
General Charges	290.90	276.91
<b>Total</b>	<b>7,368.88</b>	<b>7,113.04</b>

(₹ in Lakhs)

<b>* Particulars of Auditor's Remuneration</b>	<b>For the Year ended 31<sup>st</sup> March, 2022</b>	<b>For the Year ended 31<sup>st</sup> March, 2021</b>
Statutory audit fees	2.00	2.00
Certification fees & Other Services	2.44	0.16
Reimbursement of Expenses	0.13	0.11
<b>Total</b>	<b>4.57</b>	<b>2.27</b>



## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 32 CONTINGENT LIABILITIES & CAPITAL COMMITMENTS NOT PROVIDED FOR:

#### a) Contingent Liabilities

(₹ in Lakhs)

Particulars	As at 31/03/2022	As at 31/03/2021
Outstanding Bank Guarantees	7,868.24	8,068.20
Outstanding Foreign Bank Guarantees	US\$ 17,44,597.10	US\$ 20,24,465.90
Outstanding Inland/Foreign LC	--	3.38
Disputed Income Tax demand for completed assessment	6.48	6.47
Disputed Tax Demand under Central Sales Tax/ Goods & Service Tax	7.52	7.52

#### b) Capital Commitments

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

### 33. RELATED PARTY INFORMATION

The company has transactions with following related parties

<b>a) Subsidiary Company (Wholly-owned Subsidiary)</b>	Patels Airtemp (USA) Inc. (WOS)
<b>b) Associates</b>	Therm Flow Engineers Pvt. Ltd. Shiv Fintrade LLP
<b>c) Key Managerial Personnel (KMP)</b>	Narayanbhai G. Patel Sanjivkumar N. Patel Narendrabhai G. Patel (Upto 7/2/2021) Apurva V. Shah Shivang P. Patel Kamlesh R. Shah (CFO) Nikhil M. Patel (CS)
<b>d) Relative of Key Managerial Personnel (KMP)</b>	Sitaben N. Patel (Upto 9/5/2021) Aarti P. Patel Jalpa S. Patel Narayanbhai G Patel HUF Prakashbhai N. Patel HUF Sanjivkumar N. Patel HUF Mukundbhai G. Patel (Upto 31/10/2021) Rashmika N. Patel Vedang S. Patel

**Note:** Related Parties have been as identified by the Management and relied upon by the auditors

**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS**

Name of Party	Nature of relationship	Nature of Transaction	Transactions during the year (in ₹ In Lakhs)	Balance at the end of the year (₹ In Lakhs)
Narayanbhai G. Patel	Chairman & Whole Time Director (KMP)	Managerial Remuneration	37.29 (37.00)	339.50 (233.15 )
		Interest	39.94 (22.83)	
		Unsecured Loan taken	197.35 (77.00)	
		Unsecured Loan Repaid	91.00 (25.75)	
Sanjivkumar N. Patel	Managing Director (KMP)	Managerial Remuneration	36.94 (36.08)	106.55 (258.73)
		Interest	14.57 (26.77)	
		Unsecured Loan taken	50.92 (47.15)	
		Unsecured Loan Repaid	203.10 (6.76)	
Narendrabhai G. Patel (Upto 7/2/2021)	Whole-Time Director	Managerial Remuneration	NIL (30.69)	NIL (NIL)
		Unsecured Loan taken	NIL (NIL)	
		Unsecured Loan Repaid	NIL (75.00)	
		Interest	NIL (7.44)	
Sitaben N. Patel (Upto 9/5/2021)	Relative of Key Managerial Personnel	Unsecured Loan taken	4.00 (16.00)	NIL (156.35)
		Unsecured Loan Repaid	160.35 (1.00)	
		Interest	2.12 (16.41)	
Shivang P. Patel	Whole-Time Director (KMP)	Unsecured Loan taken	14.00 (25.50)	66.65 (79.15)
		Unsecured Loan Repaid	26.50 (16.00)	
		Interest	7.78 (8.88)	
		Managerial Remuneration	41.83 (37.83)	
Aarti P. Patel	Relative of Key Managerial Personnel	Unsecured Loan taken	40.00 (41.50)	328.10 (303.60)
		Unsecured Loan Repaid	15.50 (NIL)	
		Interest	35.49 (34.76)	
		Remuneration	7.92 (4.55)	
		Gratuity Paid	NIL (20.00)*	

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Name of Party	Nature of relationship	Nature of Transaction	Transactions during the year (in ₹ In Lakhs)	Balance at the end of the year (₹ In Lakhs)
Jalpa S. Patel	Relative of Key Managerial Personnel	Unsecured Loan taken	29.63 (26.95)	159.37 (130.30)
		Unsecured Loan Repaid	0.56 (NIL)	
		Interest	16.20 (13.08)	
Vedang S. Patel	Relative of Key Managerial Personnel	Unsecured Loan taken	208.37 (NIL)	208.37 (NIL)
		Unsecured Loan Repaid	NIL (NIL)	
		Interest	17.40 (NIL)	
Rashmika N. Patel	Relative of Key Managerial Personnel	Gratuity Paid	NIL (20.00)#	NIL (NIL)
Narayanbhai G. Patel HUF	Director is Karta of HUF	Unsecured Loan taken	NIL (NIL)	11.02 (11.02)
		Interest	1.21 (1.21)	
Prakashbhai N. Patel HUF	Relative is Karta of HUF	Unsecured Loan taken	NIL (0.10)	92.85 (92.85)
		Interest	10.22 (10.22)	
Sanjivkumar N. Patel HUF	Director is Karta of HUF	Unsecured Loan taken	NIL (NIL)	177.38 (177.38)
		Loan Repaid	NIL (1.85)	
		Interest	19.51 (19.70)	
Mukundbhai G. Patel (Upto 31/10/2021)	Relative of Whole-Time Director	Remuneration	5.03 (6.39)	- (-)
		Gratuity Paid	4.27 (NIL)	
Apurva V. Shah	Whole-Time Director (KMP)	Managerial Remuneration	30.44 (28.38)	- (-)
Kamlesh R. Shah	Chief Financial Officer	Remuneration	12.25 (11.15)	- (-)
Nikhil M. Patel	Company Secretary	Remuneration	13.30 (12.43)	- (-)
Therm Flow Engineers Pvt.Ltd.	Associate Company	Rent Income	0.18 (0.18)	0.05 (NIL)
Shiv Fintrade LLP	Associate Company	Rent Income	0.18 (0.18)	0.05 (NIL)
Patels Airtemp (USA) Inc.	Wholly-Owned Subsidiary	Loans Given	3.81 (NIL)	11.71 (7.35)
Patels Airtemp (USA) Inc.	Wholly-Owned Subsidiary	Investment	NIL (NIL)	7.18 (7.18)

\* Gratuity paid as legal heir of Late Shri Prakash N. Patel, Managing Director of the company expired on 15<sup>th</sup> February, 2019 along with Interest of ₹ 4,04,171/-.

# Gratuity paid as legal heir of Late Shri Narendrabhai G. Patel, Whole-Time Director of the company expired on 8<sup>th</sup> February, 2021.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 34. SEGMENT INFORMATION

#### Primary Segment – Business Segment

The Company's operation predominantly comprise of only one segment. In view of the same, separate segmental information is not required to be disclosed as per the requirement of Indian Accounting Standard 108 Operating Segment.

#### Secondary Segment – Geographical Segment

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

Sales within India include sales to customers located within India. Sales outside India include sales to customers located outside India.

#### Information pertaining to Secondary Segment

##### Gross revenue from operations as per Geographical Locations

(₹ in Lakhs)

Particulars	For the year ended on 31 <sup>st</sup> March, 2022	For the year ended on 31 <sup>st</sup> March, 2021
Within India	22,898.72	18,756.59
Outside India	6,847.61	6,196.53
<b>Total</b>	<b>29,746.33</b>	<b>24,953.12</b>

### 35. EARNING PER SHARE

(₹ in Lakhs)

Particulars	For the year ended on 31 <sup>st</sup> March, 2022	For the year ended on 31 <sup>st</sup> March, 2021
Net Profit for the year before other Comprehensive Income	1,240.12	1,136.79
Number of Equity Shares	5,070,240	5,070,240
Basic & Diluted Earnings per Share (Price per share ₹ 10)	₹ 24.46	₹ 22.42

- 36.** 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.
- 37.** Balances of Unsecured Loan, Trade Receivables, Trade Payables and Loans & Advances are subject to confirmation and reconciliation.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 38. CORPORATE SOCIAL RESPONSIBILITY

(₹ in Lakhs)

	Particulars	For the year ended on 31 <sup>st</sup> March, 2022	For the year ended on 31 <sup>st</sup> March, 2021
(1)	Amount required to be spent by the company	27.15	25.30
(2)	Amount of expenditure incurred on:		
(i)	Construction/acquisition of any asset	--	--
(ii)	On purposes other than (i) above	27.50	25.51
(3)	Shortfall at the end of the year	--	--
(4)	Previous year shortfall	--	--
(5)	Reason for shortfall	NA	NA
(6)	Nature of CSR activities	Education & Health*	
(7)	Details of related party transactions in relation to CSR expenditures	--	--

\* (a) Educational and employment enhancing vocational skills and specially among children, women (b) Medical rehabilitation, eradicating hunger poverty and malnutrition, promoting preventive healthcare, setting up day care centers and promoting livelihood enhancement projects.

### 39. OUTSTANDING DUES OF MICRO & SMALL ENTERPRISES

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

(₹ in Lakhs)

Particulars	2021 – 22	2020 – 21
The Principal Amount	1,171.33	1,529.01
Interest Paid under MSMED Act, 2006	--	--
Interest due (Other than 23.3 (b))	--	--
Interest accrued and unpaid	--	--
Interest due and payable till actual payment	--	--

The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company.

### 40. EMPLOYEE BENEFIT OBLIGATION

As per Indian Accounting Standard (Ind AS) 19 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

#### Defined Contribution Plan:

- (i) Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

(₹ in Lakhs)

Particulars	2021 – 22	2020 – 21
Employer's Contribution to Provident Fund	68.05	41.07

- (ii) Defined Contribution Plan: Employee benefits in the form of Provident Fund are considered as defined contribution plan and the contributions to Employees Provident Fund Organization established under The Employees Provident Fund and Miscellaneous Provisions Act 1952 and Employees State Insurance Act, 1948, respectively, are charged to the profit and loss account of the year when the contributions to the respective funds are due.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

- (iii) Defined Benefit Plan: Retirement benefits in the form of Gratuity are considered as defined benefit obligation and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.
- (iv) Following are the risks associated with the plan:

### Interest rate risk:

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

### Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

### Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

### Asset Liability Matching Risk:

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

### Mortality risk:

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

### Concentration Risk:

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

### (v) Changes in the Present Value of Projected Benefit Obligation

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Opening defined benefit obligation</b>	<b>205.26</b>	<b>134.28</b>
Current Service Cost	18.16	14.49
Past Service Cost	--	84.25
Interest Cost	14.23	9.18
Actuarial losses/(gains) due to change in Financial Assumptions	(6.94)	(1.49)
Actuarial losses/(gains) due to experience	7.41	20.08
Actuarial losses/(gains) due to demographic assumptions	(0.03)	--
Losses (gains) on curtailments	--	--
Liabilities extinguished on settlements	--	--
Benefits Paid Directly by Employer	--	(50.00)
Benefits paid from the Fund	(12.04)	(5.53)
<b>Closing defined benefit obligation</b>	<b>226.05</b>	<b>205.26</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### (vi) Changes in Fair Value of Plan Assets

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Opening fair value of plan assets</b>	<b>144.25</b>	<b>120.93</b>
Interest Income	10.00	8.27
Return on plan assets excluding Interest Income	0.72	0.00
Assets distributed on settlements	--	--
Contributions by employer	70.34	20.58
Benefits paid	(12.04)	(5.53)
<b>Closing balance of fair value of plan assets</b>	<b>213.27</b>	<b>144.25</b>

### (vii) Amount Recognized in Balance Sheet

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Present value of Defined Benefit Obligation at the end of the year	(226.05)	(205.26)
Fair value of Plan Assets at the end of the year	213.27	144.25
Funded Status Surplus/(Deficit)	(12.78)	(61.01)
<b>Net (Liability)/Assets recognized in the Balance sheet</b>	<b>(12.78)</b>	<b>(61.01)</b>

### (viii) Expenses Recognized in Statement of Profit or Loss for Current period:

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Current Service Cost	18.16	14.49
Net Interest Cost	4.23	0.91
Past Service Cost	--	84.25
Expected Contribution by the Employees	--	--
(Gains)/Losses on curtailments and settlements	--	--
<b>Expenses Recognized in Statement of Profit &amp; Loss</b>	<b>22.39</b>	<b>99.65</b>

### (ix) Expenses Recognized in the Other Comprehensive Income (OCI)

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Actuarial (Gains)/Losses on Obligations for the period	0.43	18.59
Return on Plan Assets, excluding interest income	(0.72)	(0.00)
<b>Net Expenses for the period Recognized in OCI</b>	<b>(0.28)</b>	<b>18.59</b>



## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### (x) Sensitivity Analysis of Defined Benefit Obligation

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Projected Benefit Obligation on Current Assumptions	226.05	205.26
Delta Effect of +1% Change in Rate of Discounting	(16.32)	(15.12)
Delta Effect of -1% Change in Rate of Discounting	19.27	17.96
Delta Effect of +1% Change in Rate of Salary Increase	17.75	16.37
Delta Effect of -1% Change in Rate of Salary Increase	(15.32)	(14.08)
Delta Effect of +1% Change in Rate of Employee Turnover	0.57	0.07
Delta Effect of -1% Change in Rate of Employee Turnover	(0.72)	(0.11)

Sensitivities have been calculated to show the movement in Defined Benefit Obligation in isolation and assuming there are no other changes in market conditions at the accounting date. In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

### (xi) Actuarial Assumptions:

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Expected Return on Plan Assets	6.93 %	6.84 %
Rate of Discounting	6.93 %	6.84 %
Rate of Salary Increase	7.00 %	7.00 %
Rate of Employee Turnover	2.00 %	2.00 %
Mortality Rate During Employment	Indian Assured Lives Mortality (2006 -08)	Indian Assured Lives Mortality (2006 -08)
Mortality Rate After Employment	N.A.	N.A.

(xii) The above details are certified by the actuary M/s. K.A. Pandit Consultants & Actuaries.

41. Based on the assessment performed by the Company and considering available liquidity, the Company believes that the impact of Covid-19 is not material. Accordingly, the pandemic is not likely to have a significant impact on the Company's future operations, its profitability and recoverability of the carrying value of its assets, as at March 31, 2022 and on its control environment. The Company will continue to closely monitor material changes to future economic conditions, if any, as and when they arise.
42. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment received Indian Parliament approval and Presidential assent in September 2020. The code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### 43. PARTICULARS IN RESPECT OF LOAN TO RELATED PARTIES AND INVESTMENT IN SUBSIDIARIES AS REQUIRED BY THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

#### (a) Particulars in respect of loans and advances in the nature of loan given to Wholly Owned Subsidiary (WOS):

(₹ in Lakhs)

Sl. No.	Name of the Entity	As at 31.03.2022	As at 31.03.2021	Nature of Loans/ Deposits	Purpose for which loan is proposed to be utilized by recipient
1.	Patels Airtemp (USA) Inc;	11.71	7.35	Inter-Corporate Loan	Working Capital

#### (b) Particulars in respect of Investments in a Wholly Owned Subsidiary (WOS):

(₹ in Lakhs)

Sl. No.	Name of the Entity	As at 31.03.2022	As at 31.03.2021
1.	Patels Airtemp (USA) Inc;	7.18	7.18

### 44 INCOME TAXES

#### A Income taxes recognised in Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Current tax</b>		
In respect of the current year	420.00	397.00
(Excess)/Short provision for tax of earlier years	2.45	5.58
	<b>422.45</b>	<b>402.58</b>
Deferred tax(credit) /Charged	20.85	2.75
<b>Total income tax expense recognised in respect of continuing operations</b>	<b>443.30</b>	<b>405.33</b>

#### B Tax reconciliation

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Profit before taxes</b>	<b>1,683.43</b>	<b>1,542.11</b>
Enacted tax rate in India*	25.168%	25.168%
Expected income tax (benefit)/expense at statutory tax rate	423.68	388.12
<b>Effect of:</b>		
Difference in Depreciation for the year as per books and as per Income tax	(40.91)	(12.07)
Timing difference of amounts deductible on actual payment (Net)	13.55	9.33
Tax effect on non -deductible expenses	45.05	7.35
Others	(0.53)	7.02
adjustments for current tax of prior years	2.45	5.58
<b>Income taxes recognised in the Statement of Profit and Loss</b>	<b>443.30</b>	<b>405.33</b>

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

### C Income Tax Recognised in Other Comprehensive Income: (₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(0.07)	4.68
<b>Total income tax asset/(liability) recognised in other comprehensive income</b>	<b>(0.07)</b>	<b>4.68</b>
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to Statement of Profit and Loss	(0.07)	4.68
<b>Income tax asset/(liability) recognised in other comprehensive income</b>	<b>(0.07)</b>	<b>4.68</b>

### D Components of Deferred Tax (charge)/benefit for the year

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Depreciation and amortisation	10.16	12.07
Disallowances of employee benefits u/s. 43B of the Income Tax	10.69	(9.33)
Reduction of liability on account of changes in effective tax rate (refer Note 38)		-
<b>Total deferred tax Charge/(benefit) for the year</b>	<b>20.85</b>	<b>2.75</b>

Note: Deferred tax liability has been calculated using effective tax rate of 25.168% (previous year 25.168%)

### E Components of deferred tax assets and liabilities

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>(a) Deferred tax liabilities</b>		
Difference between book and tax depreciation	205.48	195.32
	<b>205.48</b>	<b>195.32</b>
<b>(b) Deferred tax assets</b>		
Disallowances of employee benefits u/s. 43B of the Income Tax	10.16	20.85
Remeasurement benefit of the defined benefit plans through OCI	12.57	12.64
	<b>22.72</b>	<b>33.49</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>182.75</b>	<b>161.83</b>

## **NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS**

### **45. OTHER STATUTORY DISCLOSURES:**

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (iii) The Company does not have any transaction with struck-off companies.
- (iv) The Company does not have any charge or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that
  - (a) the Company shall: directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (viii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (ix) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on Number of Layers) Rules, 2017.
- (x) Key Financial Ratios together with reasons for change in the ratio by more than 25% as compared to previous financial year are as under :

<b>Ratio Analysis :</b>	<b>UOM</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>	<b>Variances</b>
<b>i) Current Ratio :</b>				
Current Assets (a)	(₹ in Lakhs)	23,662.53	23,829.46	
Current Liabilities (b)	(₹ in Lakhs)	14,241.95	16,658.60	
Current Ratio (a/b)	Times	1.66	1.43	16.15%
Numerator - Total Current Assets				
Denominator - Total Current Liabilities - Project Creditors				
<b>ii) Debt-Equity Ratio:</b>				
Total Debt (a)	(₹ in Lakhs)	2,906.79	1,442.53	
Shareholder's Equity (b)	(₹ in Lakhs)	11,063.66	9,950.08	
Debt - Equity Ratio (a/b) *	Times	0.26	0.14	81.22%
Numerator - Long term debt from Banks & Financial Institutions				
Denominator - Total equity				

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Ratio Analysis :	UOM	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021	Variances
*Due to increase in Term Loan (Covid -19 ECLGS Loan) from Bank of Baroda ₹ 1,092 Lakhs & Axis Bank ₹ 325 Lakhs which led to increase in Debt by ₹ 1,417 Lakhs.				
<b>iii) Debt Service Coverage Ratio :</b>				
Earnings available for Debt services (a)	(₹ in Lakhs)	2,946.49	2,669.66	
Interest + Installments (b)	(₹ in Lakhs)	901.51	798.10	
Debt Service coverage Ratio (a/b)	Times	3.27	3.35	-2.29%
Numerator - Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.				
Denominator - Interest on borrowings + Principal Repayments				
<b>iv) Return on Equity Ratio :</b>				
Profit after Taxes	(₹ in Lakhs)	1,240.12	1,136.78	
Shareholder's Fund (b)	(₹ in Lakhs)	11,063.66	9,950.08	
Return on Equity Ratio (a/b)	%	11.21%	11.42%	-1.89%
Numerator - Profit after Taxes				
Denominator - Total Equity				
<b>v) Inventory Turnover Ratio :</b>				
Annual net credit sales (a)	(₹ in Lakhs)	29,881.17	25,091.39	
Average Inventory (b)	(₹ in Lakhs)	10,048.73	10,237.21	
Inventory Turnover Ratio (a/b)	Times	2.97	2.45	21.32%
Numerator - (Domestic sales + Export sales + Sale of services)				
Denominator - (Opening Inventory + Closing Inventory)/2				
<b>vi) Trade Receivables Turnover Ratio :</b>				
Annual net credit sales (a)	(₹ in Lakhs)	29,881.17	25,091.39	
Average Accounts Receivable (b)	(₹ in Lakhs)	9,251.16	9,154.60	
Trade Receivables turnover Ratio (a/b)	Times	3.23	2.74	17.85%
Numerator - (Domestic sales + Export sales + Sale of services)				
Denominator - (opening trade receivable + closing trade receivable)/2				
<b>vii) Trade Payables Turnover Ratio :</b>				
Annual net credit Purchases (a)	(₹ in Lakhs)	26,277.03	21,732.09	
Average Accounts Payable (b)	(₹ in Lakhs)	5,027.76	6,149.30	
Trade Payables turnover Ratio (a/b)*	Times	5.23	3.53	47.89%
Numerator - (Cost of Material Consumed + Changes in Inventory + Other Manufacturing Cost + Other Expenses)				
Denominator - (opening trade payable + closing trade payable)/2				

## NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Ratio Analysis :	UOM	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021	Variances
* In view of reduction in trade payables as compared to previous financial year the trade payable turnover ratio has significantly improved.				
<b>viii) Net Capital turnover Ratio :</b>				
Annual Net Credit Sales (a)	(₹ in Lakhs)	29,881.17	25,091.39	
Working Capital (b)	(₹ in Lakhs)	5,871.81	4,932.19	
Net Capital turnover Ratio (a/b)	Times	5.09	5.09	0.03%
Numerator - (Domestic sales + Export sales + Sale of services)				
Denominator - Working Capital (Current Assets- Current Liability)				
<b>ix) Net Profit Ratio :</b>				
Profit after Tax (a)	(₹ in Lakhs)	1,240.12	1,136.78	
Sales (b)	(₹ in Lakhs)	29,881.17	25,091.39	
Net Profit Ratio (a/b)	%	4.15%	4.53%	-8.40%
Numerator - Profit after tax				
Denominator - (Domestic sales + Export sales + Sale of services)				
<b>x) Return on Capital Employed :</b>				
Earnings before Interest and Taxes (a)	(₹ in Lakhs)	2,584.94	2,340.22	
Capital Employed (b)	(₹ in Lakhs)	20,080.57	16,591.43	
Return on Capital Employed (a/b)	%	12.87%	14.10%	-8.74%
Numerator - Earnings before Interest and Taxes				
Denominator - Total Assets - Current Liabilities - Other Current Liabilities				
<b>xi) Return on Investment :</b>				
Return or Profit or Earnings (a)	(₹ in Lakhs)	1,240.12	1,136.78	
Total equity at the beginning of the period (b)	(₹ in Lakhs)	9,950.08	8,953.96	
Return on Investment (a/b)	%	12.46%	12.70%	-1.83%
Numerator - Profit after tax				
Denominator - Total equity at the beginning of the period				

### 46. APPROVAL OF FINANCIAL STATEMENT

The financial statements were approved for issue by the board of directors on 28<sup>th</sup> May, 2022.

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm's Registration Number:113742W

**Vasant C. Tanna**  
Partner  
Membership No.100422

Place: Ahmedabad  
Date: 28<sup>th</sup> May, 2022

For and on behalf of the Board of Directors  
**Patels Airtemp (India) Limited**

**Narayanbhai G. Patel**  
Chairman & Whole Time Director  
DIN:00023071

**Kamlesh R. Shah**  
Chief Financial Officer  
Place: Ahmedabad  
Date: 28<sup>th</sup> May, 2022

**Sanjivkumar N. Patel**  
Managing Director  
DIN:02794095

**Nikhil M. Patel**  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of **PATELS AIRTEMP (INDIA) LIMITED**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated financial statements of **PATELS AIRTEMP (INDIA) LIMITED** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2022, the Consolidated Statement of Profit & Loss (including other comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements read together with significant accounting policies and accompanying notes thereon give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Group as at 31<sup>st</sup> March, 2022, and its Profit (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by ICAI together with the ethical requirement that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013

and the rules thereunder and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation

of these consolidated financial statements that give a true and fair view of the financial position and financial performance of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the consolidated financial statements, the respective Board of Directors included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group is also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying



transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statement of such entity included in the consolidated Financial Statements of which we are the independent auditors. For the other entity included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further prescribed in section titled 'Other Matters' to this audit report.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit

of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters:

The Consolidated Financial Statements includes unaudited financial statements and other unaudited financial information in respect of a subsidiary, whose financial statements reflect total assets of Rs.14.71 lakhs as at March 31, 2022, total revenues of Rs. Nil and net cash inflow of Rs. 0.95 lakhs for the year then ended. These unaudited financial statements and other unaudited financial information have been furnished to us as certified by the management. Our opinion, in so far as it relates to amounts and disclosures included in respect of a subsidiary, is based solely on the unaudited financial statements and other unaudited financial information given to us by the management. In our opinion and according to the information and explanations given to us by the management of the Parent, these financial statements/financial information is not material to the Group.

#### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit and on the consideration of the management certified separate financial statements of its subsidiary, referred in the "Other Matters" paragraph above we report, to the extent applicable,
  - a) We have sought & obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to the preparation of consolidated financial statements have been kept by the company so far as appears from our examination of those books;
  - c) The Consolidated Balance Sheet, Consolidated Statement of Profit & Loss (including other

- comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules 2015, as amended.
  - e) On the basis of the written representation received from the directors as on 31<sup>st</sup> March, 2022 taken on record by Board of Directors of the Parent, none of the director is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
  - f) With respect to the adequacy of the internal financial control over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Group to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
  - h) With respect to other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Group has made disclosure of pending litigations which would impact its consolidated financial statements.
    - ii) The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.
  - iv) (a) The respective Management of the Company and its subsidiary (incorporated outside India) whose financial statements have been unaudited, have represented that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company and its subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company and its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The respective Management of the Company and its subsidiary (incorporated outside India) whose financial statements have been unaudited, have represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company and its subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company and its subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures that have been considered reasonable

and appropriate in the circumstances performed by us on the company and its subsidiary (incorporated outside India) whose financial statements have been unaudited, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v) The dividend proposed in the previous year, declared and paid by the parent company during the year is in accordance with section 123 of the Act, as applicable.
2. With respect to the matter specified in clause 3(xxi) of paragraph 3 & paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section

(11) of Section 143 of the Act to be included in the Auditor's Report, according to the information and explanations given to us, and based on the CARO report issued by us, we report that there are no qualifications or adverse remarks in CARO reports of the Parent included in the consolidated financial statement and that CARO 2020 is not applicable to a subsidiary incorporated outside India.

**For SHAH & SHAH ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 113742W

**VASANT C.TANNA**

PARTNER

Place: Ahmedabad. Membership Number: 100422  
Date : 28<sup>th</sup> May, 2022 UDIN 22100422AJUUUQ2055

**“Annexure” to the Independent Auditors’ Report of even date on the Consolidated Financial Statements of PATELS AIRTEMP (INDIA) LIMITED,**

Referred to in paragraph 2(f) under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Consolidated financial statements of the Company for the year ended March 31, 2022.

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).**

We have audited the internal financial controls over financial reporting of **PATELS AIRTEMP (INDIA) LIMITED**, (“the Company”) as of March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date. The Company did not have any subsidiary which is incorporated in India.

**Management’s Responsibility for Internal Financial Controls:**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (IFCOFR) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit or internal financial controls, both applicable to an audit of Internal Financial Controls and, both

issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Control Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally-accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally-accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods

are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI. The Company did not have any subsidiary which is incorporated in India.

**For SHAH & SHAH ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 113742W

**VASANT C.TANNA**

PARTNER

Membership Number: 100422  
UDIN 22100422AJUUUQ2055

Place: Ahmedabad.  
Date : 28<sup>th</sup> May, 2022

## CONSOLIDATED BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH, 2022

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
a)	Property, plant and equipment	3(A)	4,621.01	4,254.11
b)	Capital work-in-progress	3(B)	7.76	105.48
c)	Other Intangible assets	3(C)	94.67	17.98
d)	Financial Assets:			
	Investments	4	-	-
	Other financial assets	5	7.10	8.50
e)	Other non-current assets	6	18.36	18.24
			<b>4,748.90</b>	<b>4,404.30</b>
<b>2)</b>	<b>Current assets</b>			
a)	Inventories	7	9,768.80	10,328.65
b)	Financial Assets			
(i)	Trade receivables	8	9,334.77	9,167.54
(ii)	Cash and cash equivalents	9	637.36	1,179.15
(iii)	Bank balances other than (ii) above	10	1,210.61	1,137.50
(iv)	Other Financial assets	11	128.75	137.90
c)	Current tax assets (net)	12	41.32	0.12
d)	Other current assets	13	2,555.63	1,892.37
			<b>23,677.25</b>	<b>23,843.22</b>
	<b>TOTAL ASSETS</b>		<b>28,426.14</b>	<b>28,247.52</b>
	<b>EQUITY &amp; LIABILITIES :</b>			
	<b>EQUITY:</b>			
a)	Equity Share capital	14	507.02	507.02
b)	Other Equity	15	10,552.38	9,442.22
			<b>11,059.41</b>	<b>9,949.24</b>
	<b>LIABILITIES :</b>			
<b>1)</b>	<b>Non-Current Liabilities</b>			
a)	Financial Liabilities			
	Borrowings	16	2,906.79	1,442.53
b)	Provisions	17	35.17	35.25
c)	Deferred tax liabilities (Net)	18	182.75	161.83
			<b>3,124.71</b>	<b>1,639.61</b>
<b>2)</b>	<b>Current liabilities</b>			
a)	Financial Liabilities			
(i)	Borrowings	19	5,871.81	4,932.19
(ii)	Trade payables			
	Total outstanding dues of micro enterprises and small enterprises	20	1,171.33	1,529.01
	Total outstanding dues of creditors other than micro enterprises and small enterprises	20	3,004.09	4,351.09
			4,175.42	5,880.10
b)	Other current liabilities	21	4,174.41	5,776.82
c)	Provisions	22	20.40	69.56
			<b>14,242.03</b>	<b>16,658.66</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,426.14</b>	<b>28,247.52</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**

Chartered Accountants

Firm's Registration Number:113742W

**Vasant C. Tanna**

Partner

Membership No.100422

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**Patels Airtemp (India) Limited**

**Narayanbhai G. Patel**

Chairman & Whole Time Director

DIN:00023071

**Kamlesh R. Shah**

Chief Financial Officer

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022

**Sanjivkumar N. Patel**

Managing Director

DIN:02794095

**Nikhil M. Patel**

Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT & LOSS**FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2022

(₹ in Lakhs)

Particulars	Note No.	For the Year ended on 31 <sup>st</sup> March, 2022	For the Year ended on 31 <sup>st</sup> March, 2021
Revenue from Operations	23	30,321.97	25,539.84
Other Income	24	112.47	64.38
<b>Total Income</b>		<b>30,434.44</b>	<b>25,604.22</b>
<b>EXPENSES:</b>			
Cost of Materials consumed	25	17,622.37	14,829.26
Purchases of Stock-in-Trade	26	137.51	158.70
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	27	1,148.27	(368.91)
Employee benefits expense	28	1,210.92	1,202.48
Finance costs	29	901.51	798.10
Depreciation and amortization expense	3(a)&(c)	361.55	329.44
Other expenses	30	7,372.49	7,114.47
<b>Total Expenses</b>		<b>28,754.61</b>	<b>24,063.54</b>
<b>Profit Before Tax</b>		<b>1,679.83</b>	<b>1,540.68</b>
<b>Tax Expense:</b>			
Current tax		420.00	397.00
Deferred tax (Credit)/Charge		20.85	2.75
(Excess)/Short Provision of Earlier Years		2.45	5.58
<b>Total Tax Expenses</b>		<b>443.30</b>	<b>405.33</b>
<b>Net Profit for the year</b>		<b>1,236.52</b>	<b>1,135.35</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit Plan		0.28	(18.59)
Income tax relating to above item		(0.07)	4.68
<b>Total Other Comprehensive Income/(Loss)</b>		<b>0.21</b>	<b>(13.91)</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income)/(Loss) for the year)</b>		<b>1,236.73</b>	<b>1,121.44</b>
<b>Earnings per equity share (Face value of ₹10/- each)</b>			
Basic & Diluted (₹)		24.39	22.39

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**

Chartered Accountants

Firm's Registration Number:113742W

**Vasant C. Tanna**

Partner

Membership No.100422

For and on behalf of the Board of Directors

**Patels Airtemp (India) Limited****Narayanbhai G. Patel**

Chairman &amp; Whole Time Director

DIN:00023071

**Kamlesh R. Shah**

Chief Financial Officer

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022**Sanjivkumar N. Patel**

Managing Director

DIN:02794095

**Nikhil M. Patel**

Company Secretary

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2022

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>A. Cash flow from operating activities</b>		
<b>Profit before extraordinary items and tax</b>	<b>1,679.83</b>	<b>1,540.68</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	361.55	329.44
(Profit) / loss on assets sold and discarded	0.60	2.04
Interest Paid	901.51	798.10
Interest income	(73.70)	(64.02)
Effect of foreign exchange rate change	0.19	(0.16)
Remeasurement of Defined Benefit Plan	0.28	(18.59)
<b>Operating profit / (loss) before working capital changes</b>	<b>2,870.25</b>	<b>2,587.50</b>
<b>Changes in working capital:</b>		
Inventories	559.84	(182.87)
Trade receivables	(167.23)	(25.88)
Loans and advances	9.15	14.12
Other financial assets	1.40	11.57
Other current assets	(736.37)	(462.40)
Trade payables	(1,704.68)	(538.39)
Other current liabilities	(1,602.41)	(232.99)
Short-term provisions	(49.16)	50.86
Long-term provisions	(0.09)	3.64
<b>Cash generated from operations</b>	<b>(819.29)</b>	<b>1,225.15</b>
Income tax paid (Net of refunds)	(463.65)	(380.59)
<b>Net cash flow from operating activities (A)</b>	<b>(1,282.95)</b>	<b>844.56</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets	(709.15)	(971.13)
Proceeds from sale of fixed assets	1.00	2.90
Interest Received	73.70	64.02
<b>Net cash flow used in investing activities (B)</b>	<b>(634.45)</b>	<b>(904.21)</b>
<b>C. Cash flow from financing activities</b>		
Net increase/(Decrease) in Long Term borrowings	1,464.26	107.63
Net increase/(Decrease) in working capital borrowings	939.62	1,804.34
Interest Paid	(901.51)	(798.10)
Dividend Paid	(126.76)	(126.76)
<b>Net cash flow used in Financing activities (C)</b>	<b>1,375.61</b>	<b>987.11</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(541.78)</b>	<b>927.47</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,179.15</b>	<b>251.67</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>637.36</b>	<b>1,179.15</b>

Note: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm's Registration Number:113742W

**Vasant C. Tanna**  
Partner  
Membership No.100422

Place: Ahmedabad  
Date: 28<sup>th</sup> May, 2022

For and on behalf of the Board of Directors  
**Patels Airtemp (India) Limited**

**Narayanbhai G. Patel**  
Chairman & Whole Time Director  
DIN:00023071

**Kamlesh R. Shah**  
Chief Financial Officer  
Place: Ahmedabad  
Date: 28<sup>th</sup> May, 2022

**Sanjivkumar N. Patel**  
Managing Director  
DIN:02794095

**Nikhil M. Patel**  
Company Secretary



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2022**A) EQUITY SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balance at the beginning of the reporting year	507.02	507.02
Changes in Share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	507.02	507.02
Changes in Equity Share capital during the year	-	-
<b>Balance at the end of the reporting year</b>	<b>507.02</b>	<b>507.02</b>

**B) OTHER EQUITY**

(₹ in Lakhs)

Particulars	Capital Investment Subsidy	General Reserve	Fopreign Currency Translation Reserve	Retained Earnings	Total
<b>Balance as of April 1, 2021</b>	<b>15.00</b>	<b>815.00</b>	<b>0.23</b>	<b>8,611.98</b>	<b>9,442.22</b>
Net Profit for the year	-	-		1,236.52	1,236.52
Exchange difference arising on translation of foreign subsidiary			0.19		0.19
Items of Other Comprehensive income for the year (Net of Tax)					-
Remeasurement benefit of defined benefit plans (Net of Tax)	-	-		0.21	0.21
<b>Dividend</b>	-	-		<b>(126.76)</b>	<b>(126.76)</b>
<b>Balance as of March 31, 2022</b>	<b>15.00</b>	<b>815.00</b>	<b>0.42</b>	<b>9,721.96</b>	<b>10,552.38</b>
Balance as of April 1, 2020	15.00	815.00	0.38	7,617.30	8,447.69
Net Profit for the year	-	-		1,135.35	1,135.35
Exchange difference arising on translation of foreign subsidiary			(0.16)		(0.16)
Items of Other Comprehensive income for the year (Net of Tax)					-
Remeasurement benefit of defined benefit plans (Net of Tax)	-	-		(13.91)	(13.91)
<b>Dividend</b>	-	-		<b>(126.76)</b>	<b>(126.76)</b>
<b>Balance as of March 31, 2021</b>	<b>15.00</b>	<b>815.00</b>	<b>0.23</b>	<b>8,611.98</b>	<b>9,442.22</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**

Chartered Accountants

Firm's Registration Number:113742W

**Vasant C. Tanna**

Partner

Membership No.100422

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**Patels Airtemp (India) Limited****Narayanbhai G. Patel**

Chairman &amp; Whole Time Director

DIN:00023071

**Kamlesh R. Shah**

Chief Financial Officer

Place: Ahmedabad

Date: 28<sup>th</sup> May, 2022**Sanjivkumar N. Patel**

Managing Director

DIN:02794095

**Nikhil M. Patel**

Company Secretary

## **NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GROUP'S BACKGROUND**

The consolidated financial statements comprise financial statements of Patels Airtemp (India) Limited (the Parent) and its subsidiary Patels Airtemp USA Inc; (collectively, the Group) for the financial year ended on 31st March, 2022. The Parent is a Public Company domiciled in India and incorporated on 10.06.1992. The Parent 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. The Parent's equity shares are listed on Bombay Stock Exchange (BSE).

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates.

### **2. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:**

#### **(a) STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time and other relevant provisions of the Act.

#### **(b) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

The financial statements have been prepared under the historical cost basis and in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, including rules notified under the relevant provisions of companies Act, 2013.

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

#### **(c) BASIS OF CONSOLIDATION :**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company:

- has power over the investee
- is exposed to or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an entity are sufficient to give it power.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### (d) USE OF ESTIMATES :

In the preparation of financial statements, the Company makes judgements in the application of accounting policies; and estimates and assumptions which affects carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

### (e) PROPERTY, PLANT AND EQUIPMENT:

- i) Property, Plant and Equipment are stated at original cost (net of tax/duty credit availed) less accumulated depreciation and impairment losses. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, and pre-operative expenses including attributable borrowing costs incurred during pre-operational period.
- ii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.
- iii) Assets which are not ready for their intended use on reporting date are carried as capital work-in-progress at cost, comprising direct cost and related incidental expenses.
- iv) On transition to Ind AS, the Parent Company has elected to continue with the carrying value of all of its property, plant and equipment as at 1<sup>st</sup> April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.
- v) Property, Plant and Equipment including continuous process plants are depreciated and/or amortised on the basis of their useful lives as notified in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
- vi) Depreciation in respect of additions to assets has been charged on pro rata basis with reference to the period when the assets are ready for use. The provision for depreciation for multiple shifts has been made in respect of eligible assets on the basis of operation of respective units.
- vii) An asset's carrying amount is written down immediately on discontinuation to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Profit/ Loss on Sale and Discard of Fixed Assets.

- viii) Useful lives of the Property, Plant and Equipment as notified in Schedule II to the Companies Act, 2013 are as follows:
  - Buildings - 3 to 60 years
  - Plant and Equipments - 15 to 25 years
  - Furniture and Fixtures - 10 years
  - Vehicles - 8 to 10 years
  - Office Equipments - 5 to 10 years
- ix) At each balance sheet date, the Group reviews the carrying amount of property, plant and equipment to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

### (f) INTANGIBLE ASSETS:

- i) Intangible assets acquired by payment e.g. Computer Software are disclosed at cost less amortization on a straight-line basis over its estimated useful life.
- ii) Intangible assets are carried at cost, net of accumulated amortization and impairment loss, if any.
- iii) On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets as at 1<sup>st</sup> April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.
- iv) Intangible assets are amortized on straight-line method as follows:
  - Computer Software - 5 years
- v) At each balance sheet date, the Group reviews the carrying amount of intangible assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

### (g) REVENUE RECOGNITION:

- i) The Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs; or

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services are recognized at a time on which the performance obligation is satisfied

- ii) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- iii) Other income is recognized when there is certainty of its being realized.

### (h) INVESTMENTS :

Non-Current Investments in subsidiary company are accounted for at amortized cost. Other Investments are accounted at fair value through profit or loss account (FVTPL).

### (i) EMPLOYEE BENEFITS:

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- ii) Post-Employment and Retirement benefits in the form of Gratuity are considered as defined benefit obligations and is provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972.
- iii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on government bonds that have terms approximating to the terms of the related obligation.
- iv) Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organization established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. The Parent Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Parent Company has no further payment obligations once the contributions have been paid.

### (j) VALUATION OF INVENTORIES:

- i) The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. The costs of Raw Materials, Stores and spare parts etc., consumed consist of purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the procurement.
- ii) Stock of Raw Materials are valued at cost and of those in transit and at port related to these items are valued at cost to date. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Material and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- iii) Stock in respect of Work-in-process, Stores and spare parts, and Tools & Spares are valued at cost;
- iv) Stock of Finished goods and stock-in –trade is valued at lower of cost or net realizable value.

### (k) CASH FLOW STATEMENT:

- i) Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company is segregated.
- ii) Cash and cash equivalents in the balance sheet comprise cash at bank, cash/cheques in hand and short term investments with an original maturity of three months or less.

### (l) FINANCIAL ASSETS:

- i) The Group classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those to be measured at amortized cost.
- ii) Trade receivables are impaired using the lifetime expected credit loss model under simplified approach. The Group uses a matrix to determine the impairment loss allowance based on its historically observed default rates over expected life of trade receivables and is adjusted for forward looking estimates. At every reporting date, the impairment loss allowance is determined and updated and the same is deducted from Trade Receivables with corresponding charge/credit to Profit and Loss.
- iii) A financial asset is derecognized only when the Group has transferred the rights to receive cash flows from the financial asset, or when it has transferred substantially all the risks and rewards of the asset, or when it has transferred the control of the asset.

### (m) FINANCIAL LIABILITIES:

- i) Borrowings are initially recognized and subsequently measured at amortized cost, net of transaction costs incurred. The transaction costs is amortized over the period of borrowings using the effective interest method in Capital Work in Progress upto the commencement of related Plant, Property and Equipment and subsequently under finance costs in profit and loss account.
- ii) Borrowings are removed from balance sheet when the obligation specified in the contract is discharged, cancelled or expired.
- iii) Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.
- iv) Trade Payables represent liabilities for goods and services provided to the Company upto to the end of the financial year. The amounts are unsecured and are usually paid as per the terms of payment agreed with the vendors. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially and subsequently measured at amortized cost.
- v) Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### (n) FAIR VALUE MEASUREMENT:

- i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

- ii) The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- iii) A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- iv) The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

### (o) FOREIGN CURRENCY TRANSACTIONS:

- i) The Parent Company's financial statements are presented in Indian Rupees ('INR'), which is also the Parent Company's functional currency and all values are rounded to the nearest Lakhs (00,000) except otherwise indicated.
- ii) Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.
- iii) Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

### (p) BORROWING COSTS:

- i) Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds.
- ii) General and specific borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use.
- iii) All other borrowing costs are expensed in the period in which they are incurred.

### (q) ACCOUNTING FOR TAXES ON INCOME:

- i) Tax expenses comprise of current tax and deferred tax including applicable surcharge and cess.
- ii) Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.



## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- iii) Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilized.
- iv) The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Un recognized deferred tax asset are reassessed at each reporting date and are recognized to the extent that it is become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.
- v) Deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income. As such, deferred tax is also recognised in other comprehensive income.
- vi) Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the Deferred Tax Assets and Deferred Tax Liabilities relate to taxes on income levied by same governing taxation laws.

### (r) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

- i) Provisions are made when (a) the Group has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate is made of the amount of the obligation.
- ii) Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts. Contingent liabilities is disclosed in case of a present obligation from past events (a) when it is not probable that an outflow of resources will be required to settle the obligation;(b)when no reliable estimate is possible;(c)unless the probability of outflow of resources is remote.
- iii) Contingent assets are not accounted but disclosed by way of Notes on Accounts where the inflow of economic benefits is probable.

### (s) CURRENT AND NON-CURRENT CLASSIFICATION:

- i) The Normal Operating Cycle for the Group has been assumed to be of twelve months for classification of its various assets and liabilities into "Current" and "Non-Current".
- ii) The Group presents assets and liabilities in the balance sheet based on current and non-current classification.
- iii) An asset is current when it is (a) expected to be realized or intended to be sold or consumed in normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; (d) Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.
- iv) An liability is current when (a) it is expected to be settled in normal operating cycle; (b) it is held primarily for the purpose of trading; (c) it is due to be discharged within twelve months after the reporting period; (d) there is no unconditional right to defer the settlement of



## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

**(t) EARNING PER SHARE:**

- i) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- ii) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(u) EXPENSES FOR CORPORATE SOCIAL RESPONSIBILITY:**

In case of CSR activities undertaken by the Parent Company, if any expenditure of revenue nature is incurred or an irrevocable contribution is made to any agency to be spent by the latter on any of the activities mentioned in Schedule VII to the Companies Act, 2013, the same is charged as an expense to its Statement of Profit and Loss.

**(v) RECENT ACCOUNTING PRONOUNCEMENT:**

- (i) Amendment to Ind AS 109 "Financial Instruments" and Ind AS 107 "Financial Instruments: Disclosures" - Interest rate Benchmark Reform Phase 2.
- (ii) Amendment to Ind AS 103 "Business Combination" – Reference to Conceptual Framework.
- (iii) Amendment to Ind AS 16 "Property, Plant and Equipment" – Proceeds before intended use.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(w) RECLASSIFICATIONS DUE TO AMENDMENTS TO SCHEDULE III:**

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 01, 2021.

Consequent to above, the company has changed the classification/ presentation of Security deposits: Security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets'. Previously, these deposits were included in 'Other Non-Current Assets'.

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 (A) PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipment	Electrical Installations	Furniture and Fixtures	Vehicles	Office equipment	Computers	Road	TOTAL
<b>Gross Carrying Value</b>										
As at April 1, 2021	842.50	1,507.42	3,699.97	246.92	165.91	535.51	109.41	78.66	107.30	7,293.59
Additions	-	540.26	57.68	26.00	7.14	57.29	27.61	1.34	-	717.32
Disposal / Adjustments	-	-	-	-	-	32.06	-	-	-	32.06
As at 31st March 2022	842.50	2,047.68	3,757.65	272.92	173.05	560.74	137.02	80.00	107.30	7,978.85
<b>Accumulated Depreciations</b>										
As at April 1, 2021	-	356.29	1,883.08	128.71	96.93	363.45	70.57	68.35	72.09	3,039.47
Charge for the year	-	50.95	188.42	26.14	9.84	46.25	10.32	5.36	11.53	348.82
Disposal / Adjustments	-	-	-	-	-	30.46	-	-	-	30.46
As at 31st March 2022	-	407.24	2,071.50	154.85	106.78	379.25	80.89	73.71	83.63	3,357.84
<b>Net Carrying Value</b>										
As at 31st March 2022	842.50	1,640.43	1,686.15	118.07	66.28	181.49	56.13	6.30	23.67	4,621.01
<b>Gross Carrying Value</b>										
As at April 1, 2020	767.79	760.46	3,388.40	236.04	156.47	516.39	89.50	78.13	73.17	6,066.34
Addition	74.71	746.96	329.85	10.88	9.44	19.12	19.91	0.53	34.13	1,245.53
Disposal / Adjustments	-	-	18.28	-	-	-	-	-	-	18.28
As at 31st March 2021	842.50	1,507.42	3,699.97	246.92	165.91	535.51	109.41	78.66	107.30	7,293.59
<b>Accumulated Depreciation</b>										
As at April 1, 2020	-	318.04	1,716.38	109.61	86.25	315.69	62.57	62.30	60.56	2,731.40
Charge for the year	-	38.25	180.05	19.10	10.69	47.76	8.00	6.05	11.53	321.42
Disposal / Adjustments	-	-	13.35	-	-	-	-	-	-	13.35
As at 31st March 2021	-	356.29	1,883.08	128.71	96.93	363.45	70.57	68.35	72.09	3,039.47
<b>Net Carrying Value</b>										
As at 31st March 2021	842.50	1,151.12	1,816.89	118.22	68.98	172.06	38.83	10.31	35.20	4,254.11

**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****3(B) CAPITAL WORK IN PROGRESS**

The Capital work in progress represent Capital Inventory and direct/ incidental expenses incurred during construction period in connection with proposed project which will be capitalised on commencement of commercial production, consequently expenses disclosed under the respective note are net of such amount. The details of the same is as under:

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Opening Balance (a)	105.48	349.70
Additions (b)	522.58	750.45
Less: Amount capitalized /deduction during the year (c)	620.30	994.67
<b>Closing Balance (a)+(b)-(c)</b>	<b>7.76</b>	<b>105.48</b>

**(i) CWIP Ageing Schedule:****As at 31<sup>st</sup> March, 2022**

(₹ in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5.37	2.39	-	-	<b>7.76</b>
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>5.37</b>	<b>2.39</b>	-	-	<b>7.76</b>

**As at 31<sup>st</sup> March, 2021**

(₹ in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	50.98	54.50	-	-	<b>105.48</b>
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>50.98</b>	<b>54.50</b>	-	-	<b>105.48</b>

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 (C) OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Goodwill	Technical Knowhow	Computer Software	Total
<b>Gross Carrying Value</b>				
<b>As at April 1, 2021</b>	<b>0.37</b>	<b>43.65</b>	<b>90.52</b>	<b>134.54</b>
Addition	-	-	89.43	89.43
Disposal / Adjustments	-	-	-	-
<b>As at 31st March 2022</b>	<b>0.37</b>	<b>43.65</b>	<b>179.95</b>	<b>223.96</b>
<b>Accumulated Amortization</b>				
<b>As at April 1, 2021</b>	<b>-</b>	<b>43.65</b>	<b>72.92</b>	<b>116.56</b>
Charge for the year	-	-	12.73	12.73
Disposal / Adjustments	-	-	-	-
<b>As at 31st March 2022</b>	<b>-</b>	<b>43.65</b>	<b>85.65</b>	<b>129.30</b>
<b>Net Carrying Value</b>				
<b>As at 31st March 2022</b>	<b>0.37</b>	<b>-</b>	<b>94.30</b>	<b>94.67</b>
<b>Gross Carrying Value</b>				
<b>As at April 1, 2020</b>	<b>0.37</b>	<b>43.65</b>	<b>78.52</b>	<b>122.54</b>
Addition	-	-	12.00	12.00
Disposal / Adjustments	-	-	-	-
<b>As at 31st March 2021</b>	<b>0.37</b>	<b>43.65</b>	<b>90.52</b>	<b>134.54</b>
<b>Accumulated Amortization</b>				
<b>As at April 1, 2020</b>	<b>-</b>	<b>43.65</b>	<b>64.90</b>	<b>108.54</b>
Charge for the year	-	-	8.02	8.02
Disposal / Adjustments	-	-	-	-
<b>As at 31st March 2021</b>	<b>-</b>	<b>43.65</b>	<b>72.92</b>	<b>116.56</b>
<b>Net Carrying Value</b>				
<b>As at 31st March 2021</b>	<b>0.37</b>	<b>-</b>	<b>17.61</b>	<b>17.98</b>

### 4 NON CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Investment in Equity instruments-quoted (Measured at FVTPL):</b>		
14,000 Shares of M/s. Gujarat State Financial Corporation of Rs.10/- each	2.80	2.80
Less: Provision for diminution in the value of Investments	2.80	2.80
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Aggregate amount of unquoted investments</b>	<b>-</b>	<b>-</b>

**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****5 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Security Deposits	7.10	8.50
<b>Total</b>	<b>7.10</b>	<b>8.50</b>

**6 OTHER NON CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Capital Advances	18.36	18.24
<b>Total</b>	<b>18.36</b>	<b>18.24</b>

**7 INVENTORIES**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Raw Materials	2,949.40	2,369.49
Work In Progress	6,772.15	7,661.91
Tools and Spares	28.36	19.84
Finished Goods	-	249.79
Traded goods	18.89	27.61
<b>Total</b>	<b>9,768.80</b>	<b>10,328.65</b>

**8 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Secured, considered good	-	-
Unsecured, considered good	9,334.77	9,167.54
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total</b>	<b>9,334.77</b>	<b>9,167.54</b>

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Ageing Schedule:

As at 31<sup>st</sup> March, 2022

(₹ in Lakhs)

Capital Work In Progress	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade receivables - Considered good	7,109.94	941.86	809.85	213.98	259.15	9,334.77
Undisputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
Disputed Trade receivables - Considered good	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>7,109.94</b>	<b>941.86</b>	<b>809.85</b>	<b>213.98</b>	<b>259.15</b>	<b>9,334.77</b>

As at 31<sup>st</sup> March, 2021

(₹ in Lakhs)

Capital Work In Progress	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade receivables - Considered good	6,550.06	843.72	1,249.37	280.13	244.27	9,167.54
Undisputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
Disputed Trade receivables - Considered good	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>6,550.06</b>	<b>843.72</b>	<b>1,249.37</b>	<b>280.13</b>	<b>244.27</b>	<b>9,167.54</b>

**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****9 CASH AND CASH EQUIVALENTS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balances with banks</b>		
(i) In current accounts	346.28	418.01
(ii) Other Earmarked accounts		
- Unpaid dividend accounts	14.28	14.58
(iii) In EEFC Account	270.76	741.74
Cash on hand	6.04	4.81
<b>Total</b>	<b>637.36</b>	<b>1,179.15</b>

**10 BANK BALANCE (OTHER THAN CASH AND CASH EQUIVALENTS)**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Earmarked balances with banks	1,210.61	1,137.50
<b>Total</b>	<b>1,210.61</b>	<b>1,137.50</b>

**11 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Export Incentives Receivable	85.85	117.71
Interest accrued on deposits	42.90	20.19
<b>Total</b>	<b>128.75</b>	<b>137.90</b>

**12 CURRENT TAX ASSETS (NET)**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance Income Tax & TDS (Net of provision for taxation)	41.32	0.12
<b>Total</b>	<b>41.32</b>	<b>0.12</b>

**13 OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balance with government authorities	2,205.44	1,480.01
Advances for goods and services	265.61	352.45
Prepaid expenses	76.36	52.29
Other Receivable	8.21	7.62
<b>Total</b>	<b>2,555.63</b>	<b>1,892.37</b>

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 EQUITY SHARE CAPITAL

Particulars	As At 31 <sup>st</sup> March, 2022		As At 31 <sup>st</sup> March, 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Authorized Share Capital	70,00,000	700.00	70,00,000	700.00
Issued, Subscribed & Paid up share capital	50,70,240	507.02	50,70,240	507.02
<b>Total</b>	<b>50,70,240</b>	<b>507.02</b>	<b>50,70,240</b>	<b>507.02</b>

#### b. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

##### Equity Shares

Particulars	As At 31 <sup>st</sup> March, 2022		As At 31 <sup>st</sup> March, 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Balance at the beginning of the reporting year	50,70,240	507.02	50,70,240	507.02
Issued during the period	-	-	-	-
Changes in Share capital due to prior period errors	-	-	-	-
<b>Balance at the end of the reporting year</b>	<b>50,70,240</b>	<b>507.02</b>	<b>50,70,240</b>	<b>507.02</b>

#### c. Terms/rights attached to equity shares

The Company has only one class of shares i.e. equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends, if any, in indian rupees. The dividend, recommended by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### d. Share holding details of the Company as at Balance Sheet date and name of persons holding more than 5% shares.

Name of Shareholder/Company	As At 31 <sup>st</sup> March, 2022		As At 31 <sup>st</sup> March, 2021	
	No. of Shares held	%	No. of Shares held	%
<b>Names of person holding more than 5% shares</b>				
Therm Flow Engineers Private Limited	13,62,512	26.87	13,62,512	26.87
Devidas Chelaram Narumalani	2,90,145	5.72	2,90,145	5.72
Rashmika Narendra Patel*	3,07,326	6.06	2,75,025	5.42

\*During the year 2021-2022, request of Reclassification of Mrs. Rashmika Narendra Patel holding 3,07,326 shares (6.06% of the share capital) from Promoter category to Public shareholder category has been duly approved by the shareholders and is subject to approval of BSE Limited.



## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### e. Shares held by the Promoters:

Name of Promoters	As At 31 <sup>st</sup> March, 2022		As At 31 <sup>st</sup> March, 2021		As At 31 <sup>st</sup> March, 2022	As At 31 <sup>st</sup> March, 2021
	No. of Shares held	%	No. of Shares held	%	% Change during the year	% Change during the year
Narayanbhai Gangaram Patel	1,04,512	2.06	45,000	0.89	1.17	-
Sanjiv Narayanbhai Patel	1,39,000	2.74	1,39,000	2.74	-	-
Shivang Prakashchandra Patel ^	60,100	1.19	60,100	1.19	-	-
Narendra Gopal Patel *	-	-	35,301	0.70	(0.70)	(5.30)
Rashmika Narendra Patel #	3,07,326	6.06	2,75,025	5.42	0.64	5.30
Devidas Chelaram Narumalani	2,90,145	5.72	2,90,145	5.72	-	-

\* During the year 2021-2022, Mrs. Rashmika Narendra Patel, wife of Late Mr. Narendra Gopal Patel & Member of Promoter Group has acquired 35,301 Equity Shares (0.70% of Share Capital) of the Company by way of Transmission by succession certificate due to sad demise of Late Mr. Narendra Gopal Patel resulting in total holding of 3,10,326 (6.12% of Share Capital) of the Company.

# Pursuant to the provisions of Regulation 31A (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") there is Change in category of Mrs. Rashmika Narendra Patel from "Promoter Group" to "Promoter" due to transmission of 3,10,326 equity shares held by Late Mr. Narendra Gopal Patel, one of the Promoters of the Company and Husband of Mrs. Rashmika Narendra Patel.

# During the year 2021-2022, Mrs. Rashmika Narendra Patel, Promoter of the Company has sold 3,000 Equity Shares of ₹ 10/- each of the Company representing 0.06% of the Share Capital in open market (reduced shareholding from 3,10,326 shares to 3,07,326 shares).

# During the year 2021-2022, request of Reclassification of Mrs. Rashmika Narendra Patel holding 3,07,326 shares (representing 6.06% of the share capital) from Promoter category to Public shareholder category has been duly approved by the shareholders and is subject to approval of BSE Limited.

^ Pursuant to the provisions of Regulation 31A (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") there is Change in category of Mr. Shivang Prakashchandra Patel from "Promoter Group" to "Promoter" due to transmission of 60,000 equity shares by way of Will on 26<sup>th</sup> April, 2019 held by Mr. Prakash Narayanbhai Patel, one of the Promoters of the Company and father of Mr. Shivang Prakashchandra Patel due to death of Mr. Prakash Narayanbhai Patel on 15<sup>th</sup> February, 2019.

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March,2022	As at 31 <sup>st</sup> March,2021
<b>General Reserves</b>		
Balance as per last balance sheet	815.00	815.00
<b>Capital Subsidy</b>		
Balance as per last balance sheet	15.00	15.00
<b>Foreign Currency Translation Reserve:</b>		
Balance as per last balance sheet	0.23	0.38
Add: Exchange difference arising on translation of foreign subsidiary	0.19	(0.16)
	0.42	0.23
<b>Retained earnings:</b>		
Balance as per last balance sheet	8,611.98	7,617.30
Net Profit for the year	1,236.52	1,135.35
Items of Other Comprehensive Income for the year (Net of tax)	0.21	(13.91)
<b>Appropriations:</b>		
Dividend	126.76	126.76
	<b>9,721.96</b>	<b>8,611.98</b>
<b>Total</b>	<b>10,552.38</b>	<b>9,442.22</b>

#### Nature and purpose of reserves:

**General Reserve:** Under the erstwhile Indian Companies Act 1956, a general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement of mandatory transfer of a specified percentage of the net profit to general reserve has been withdrawn and the Company can optionally transfer any amount from the surplus of profit and loss to the General reserves. This reserve is utilised in accordance with the specific provisions of the Companies Act 2013.

**Capital Subsidy:** represents investment linked capital subsidy received from the State Government

**Retained Earnings:** This represents the accumulated profits earned by the group till date.

### 16 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March,2022	As at 31 <sup>st</sup> March,2021
<b>Secured:</b>		
<b>Rupee Term Loans from Banks:</b>		
From Banks (refer note (a) & (b) below)	1,417.00	-
<b>Unsecured:</b>		
<b>Loans from related parties:</b>		
From Directors	512.70	571.03
From Relatives of Directors	977.09	871.50
<b>Total</b>	<b>2,906.79</b>	<b>1,442.53</b>

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

- (a) Rupee term loan of Rs. 325 lakhs (Previous Year Rs. Nil) from Axis Bank Limited is secured by way of Hypothecation charge (2nd charge) on primary securities available for existing facilities on second ranking basis. 2nd charge over entire current assets and movable assets of the company, both present and future. The applicable interest rate is 7.75% p.a and repayable in 35 equal monthly principal instalments of Rs. 9,02,700/- each and last instalment of Rs. 9,05,500/- after moratorium period of 24 months from the date of first disbursement.
- (b) Rupee term loan from Bank of Baroda aggregating to Rs. 1092 lakhs (Previous Year Rs. Nil) is secured by way of Hypothecation charge (2nd charge) with existing credit facilities in terms of cash flows (including repayments). Existing primary/ collateral securities would be extended to cover the ECLGS facility. The applicable interest rate is 7.50% p.a. and would be repaid in 36 equal monthly instalments after moratorium period of 24 months from the date of first disbursement.
- (c) Above term loans from Axis Bank Limited & Bank of Baroda are further secured by way of equitable mortgage of revised resurvey Block No. 727, 728, 729, 730 and 714 (Old Block No. 805, 806, 807, 810 & 811) at Rakanpur, Tal. Kalol, Dist. Gandhinagar and Land & factory Building situated at New amalgamated survey No. 100 (Old Survey No. 100, 101, 102, 103 and 105) mouje Dudhai, Tal. Kadi, Dist. Mehsana and is further secured by personal guaranteed of (a) Mr. Narayanbhai G. Patel (b) Mr. Apurva V. Shah (c) Mr. Sanjivkumar N. Patel and (d) Mr. Shivang P. Patel, directors of the company.
- (d) All the loans taken by the Company have been utilised for the purpose for which the same was taken. The Company is regular in payment of interest thereon.

## 17 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Provision for Employee Benefits	35.17	35.25
<b>Total</b>	<b>35.17</b>	<b>35.25</b>

## 18 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(a) Deferred tax Liabilities:</b>		
Difference between book and tax block	205.48	195.32
	<b>205.48</b>	<b>195.32</b>
<b>(b) Deferred tax assets</b>		
Disallowances of employee benefits u/s. 43B of the Income Tax	10.16	20.85
Remeasurement benefit of the defined benefit plans through OCI	12.57	12.64
	<b>22.72</b>	<b>33.49</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>182.75</b>	<b>161.83</b>

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Secured :</b>		
Working capital facilities from Banks (Refer Note below)	5,871.81	4,932.19
<b>Total</b>	<b>5,871.81</b>	<b>4,932.19</b>

**Note:**

- (a) Working Capital facilities from Banks 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 pari passu charge on plant & machinery, other movable assets of the company as well as further secured by way of equitable mortgage of Plot No. 805, 806, 807, 810 and 811 at Rakanpur, Tal. Kalol, Dist. Gandhinagar and Land & factory Building situated at New amalgamated survey No.100 (Old Survey No. 100,101,102,103 and 105) mouje Dudhai, Tal. Kadi, Dist. Mehsana as well as Lien over FDR of ₹ 59.00 Lakhs as collateral security and is further secured by personal guaranteed of (a) Mr. Narayanbhai G. Patel (b) Mr. Apurva V. Shah (c) Mr. Sanjivkumar N. Patel and (d) Mr. Shivang P. Patel, directors of the company.

### 20 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Total outstanding dues of micro enterprises and small enterprises (Refer Note No 37)	1,171.33	1,529.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,004.09	4,351.09
<b>Total</b>	<b>4,175.42</b>	<b>5,880.10</b>

**Ageing Schedule:**

**As at 31<sup>st</sup> March, 2022**

(₹ in Lakhs)

Capital Work In Progress	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
MSME	1,171.33	-	-	-	<b>1,171.33</b>
Others	2,995.48	8.61	-	-	<b>3,004.09</b>
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>4,166.81</b>	<b>8.61</b>	-	-	<b>4,175.42</b>

**As at 31<sup>st</sup> March, 2021**

(₹ in Lakhs)

Capital Work In Progress	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
MSME	1,529.01	-	-	-	<b>1,529.01</b>
Others	4,328.61	18.95	1.80	1.73	<b>4,351.09</b>
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>5,857.62</b>	<b>18.95</b>	<b>1.80</b>	<b>1.73</b>	<b>5,880.10</b>

**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****21 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance Received from Customers	4,135.63	5,683.14
Creditors for capital expenditure	2.40	38.58
Statutory Remittances	22.02	40.45
Unclaimed Dividend	14.28	14.58
Other payable	0.08	0.07
<b>Total</b>	<b>4,174.41</b>	<b>5,776.82</b>

**22 PROVISIONS**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Provision for Employee Benefits	20.40	69.56
<b>Total</b>	<b>20.40</b>	<b>69.56</b>

**23 REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>Sale of products</b>		
Domestic	22,898.72	18,756.59
Export	6,847.61	6,196.53
	<b>29,746.33</b>	<b>24,953.12</b>
Sale of Services	134.84	138.27
Other Operating Revenue (incl.export incentives)	440.80	448.45
<b>Total</b>	<b>30,321.97</b>	<b>25,539.84</b>

**24 OTHER INCOME**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Interest received	73.70	64.02
Foreign Exchange Rate Difference (Net)	38.41	-
Rent Received	0.36	0.36
<b>Total</b>	<b>112.47</b>	<b>64.38</b>

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 25 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Stocks of Raw materials at the beginning of the year	2,369.49	2,549.13
Add: Purchases during the year	18,202.27	14,649.62
	<b>20,571.76</b>	<b>17,198.75</b>
Less: Stocks of Raw materials at the end of the year	2,949.40	2,369.49
<b>Total</b>	<b>17,622.37</b>	<b>14,829.26</b>

### 26 PURCHASE OF STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Purchase of traded goods- Window & Split AC & Accessories	137.51	158.70
<b>Total</b>	<b>137.51</b>	<b>158.70</b>

### 27 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE & WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>Closing Inventories</b>		
Work-in-Progress	6,772.15	7,661.91
Finished Goods	-	249.79
Stock-in-trade	18.89	27.61
	<b>6,791.04</b>	<b>7,939.31</b>
<b>Opening Inventory</b>		
Work-in-Progress	7,661.91	7,044.45
Finished Goods	249.79	512.02
Stock-in-trade	27.61	13.93
	<b>7,939.31</b>	<b>7,570.40</b>
<b>Total</b>	<b>1,148.27</b>	<b>(368.91)</b>

### 28 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Salaries, wages and allowances	1,103.30	1,106.22
Contributions to Provident Fund and other Funds	73.41	68.70
Staff welfare expenses	34.21	27.55
<b>Total</b>	<b>1,210.92</b>	<b>1,202.48</b>

**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****29 FINANCE COSTS**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Interest Expense	652.88	566.12
Other borrowing costs	248.63	231.98
<b>Total</b>	<b>901.51</b>	<b>798.10</b>

**30 OTHER EXPENSES**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Rates and taxes	8.28	13.87
Insurance	23.07	21.48
Power and Fuel	195.11	189.35
Consumption of Stores , Spares & Tools	860.17	876.68
Consumption of Packing Materials	124.92	102.32
Labour Charges	2,640.64	2,716.79
Testing & Inspection charges	209.80	290.92
Repairs to Buildings	46.93	19.29
Repairs to Machinery	193.83	219.08
Repairs to Others	43.60	29.72
Printing and stationery	68.55	33.55
Communication Expenses	52.82	37.45
Travelling and conveyance	170.27	114.20
Legal and professional fees	236.29	411.16
Payments to auditors*	4.57	2.27
Freight and forwarding Charges	1,218.23	963.31
Commission expenses	26.12	40.14
Business Promotion Expenses	16.20	3.66
Expenditure incurred towards Corporate Social Responsibility (Refer Note-37)	27.50	25.51
Foreign Exchange Rate Difference (Net)	-	20.62
Late Delivery Charges /Liquidated damages	849.21	651.71
Bad debts written off	64.86	52.45
Loss on sale of Property, Plant & Equipment (Net)	0.60	2.04
General Charges	290.90	276.91
<b>Total</b>	<b>7,372.49</b>	<b>7,114.47</b>

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

* Particulars of Auditor's Remuneration	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
Statutory audit	2.00	2.00
For Taxation matters	-	-
Certification fees & Other Services	2.44	0.16
Reimbursement of Expenses	0.13	0.11
<b>Total</b>	<b>4.57</b>	<b>2.27</b>

### 31. CONTINGENT LIABILITIES & CAPITAL COMMITMENTS NOT PROVIDED FOR:

#### a) Contingent Liabilities

(₹ in Lakhs)

Particulars	As at 31/03/2022	As at 31/03/2021
Outstanding Bank Guarantees	7,868.24	8,068.20
Outstanding Foreign Bank Guarantees	US\$ 17,44,597.10	US\$ 20,24,465.90
Outstanding Inland/Foreign LC	--	3.38
Disputed Income Tax demand for completed assessment	6.48	6.47
Disputed Tax Demand under Central Sales Tax/ Goods & Service Tax	7.52	7.52

#### b) Capital Commitments

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

### 32. RELATED PARTY INFORMATION

The company has transactions with following related parties

<b>a) Associates</b>	Therm Flow Engineers Pvt. Ltd. Shiv Fintrade LLP
<b>c) Key Managerial Personnel (KMP)</b>	Narayanbhai G. Patel Sanjivkumar N. Patel Narendrabhai G. Patel (Upto 7/2/2021) Apurva V. Shah Shivang P. Patel Kamlesh R. Shah (CFO) Nikhil M. Patel (CS)
<b>c) Relative of Key Managerial Personnel (KMP)</b>	Sitaben N. Patel (Upto 9/5/2021) Aarti P. Patel Jalpa S. Patel Narayanbhai G. Patel HUF Prakashbhai N. Patel HUF Sanjivkumar N. Patel HUF Mukundbhai G. Patel (Upto 31/10/2021) Rashmika N. Patel Vedang S. Patel

**Note:** Related Parties have been as identified by the Management and relied upon by the auditors.



**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Name of Party	Nature of relationship	Nature of Transaction	Transactions during the year (in ₹ In Lakhs)	Balance at the end of the year (₹ In Lakhs)
Narayanbhai G. Patel	Chairman & Whole Time Director (KMP)	Managerial Remuneration	37.29 (37.00)	339.50 (233.15 )
		Interest	39.94 (22.83)	
		Unsecured Loan taken	197.35 (77.00)	
		Unsecured Loan Repaid	91.00 (25.75)	
Sanjivkumar N. Patel	Managing Director (KMP)	Managerial Remuneration	36.94 (36.08)	106.55 (258.73)
		Interest	14.57 (26.77)	
		Unsecured Loan taken	50.92 (47.15)	
		Unsecured Loan Repaid	203.10 (6.76)	
Narendrabhai G. Patel (Upto 7/2/2021)	Whole-Time Director	Managerial Remuneration	NIL (30.69)	NIL (NIL)
		Unsecured Loan taken	NIL (NIL)	
		Unsecured Loan Repaid	NIL (75.00)	
		Interest	NIL (7.44)	
Sitaben N. Patel (Upto 9/5/2021)	Relative of Key Managerial Personnel	Unsecured Loan taken	4.00 (16.00)	NIL (156.35)
		Unsecured Loan Repaid	160.35 (1.00)	
		Interest	2.12 (16.41)	
Shivang P. Patel	Whole-Time Director (KMP)	Unsecured Loan taken	14.00 (25.50)	66.65 (79.15)
		Unsecured Loan Repaid	26.50 (16.00)	
		Interest	7.78 (8.88)	
		Managerial Remuneration	41.83 (37.83)	
Aarti P. Patel	Relative of Key Managerial Personnel	Unsecured Loan taken	40.00 (41.50)	328.10 (303.60)
		Unsecured Loan Repaid	15.50 (NIL)	
		Interest	35.49 (34.76)	
		Remuneration	7.92 (4.55)	
		Gratuity Paid	NIL (20.00)*	

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Name of Party	Nature of relationship	Nature of Transaction	Transactions during the year (in ₹ In Lakhs)	Balance at the end of the year (₹ In Lakhs)
Jalpa S. Patel	Relative of Key Managerial Personnel	Unsecured Loan taken	29.63 (26.95)	159.37 (130.30)
		Unsecured Loan Repaid	0.56 (NIL)	
		Interest	16.20 (13.08)	
Vedang S. Patel	Relative of Key Managerial Personnel	Unsecured Loan taken	208.37 (NIL)	208.37 (NIL)
		Unsecured Loan Repaid	NIL (NIL)	
		Interest	17.40 (NIL)	
Rashmika N. Patel	Relative of Key Managerial Personnel	Gratuity Paid	NIL (20.00)#	NIL (NIL)
Narayanbhai G. Patel HUF	Director is Karta of HUF	Unsecured Loan taken	NIL (NIL)	11.02 (11.02)
		Interest	1.21 (1.21)	
Prakashbhai N. Patel HUF	Relative is Karta of HUF	Unsecured Loan taken	NIL (0.10)	92.85 (92.85)
		Interest	10.22 (10.22)	
Sanjivkumar N. Patel HUF	Director is Karta of HUF	Unsecured Loan taken	NIL (NIL)	177.38 (177.38)
		Loan Repaid	NIL (1.85)	
		Interest	19.51 (19.70)	
Mukundbhai G. Patel (Upto 31/10/2021)	Relative of Whole-Time Director	Remuneration	5.03 (6.39)	- (-)
		Gratuity Paid	4.27 (NIL)	
Apurva V. Shah	Whole-Time Director (KMP)	Managerial Remuneration	30.44 (28.38)	- (-)
Kamlesh R. Shah	Chief Financial Officer	Remuneration	12.25 (11.15)	- (-)
Nikhil M. Patel	Company Secretary	Remuneration	13.30 (12.43)	- (-)
Therm Flow Engineers Pvt.Ltd.	Associate Company	Rent Income	0.18 (0.18)	0.05 (NIL)
Shiv Fintrade LLP	Associate Company	Rent Income	0.18 (0.18)	0.05 (NIL)

\* Gratuity paid as legal heir of Late Shri Prakash N. Patel, Managing Director of the company expired on 15<sup>th</sup> February, 2019 along with Interest of ₹ 4,04,171/-.

# Gratuity paid as legal heir of Late Shri Narendrabhai G. Patel, Whole-Time Director of the company expired on 8<sup>th</sup> February, 2021.

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 33. SEGMENT INFORMATION

#### Primary Segment – Business Segment

The Group's operation predominantly comprise of only one segment. In view of the same, separate segmental information is not required to be disclosed as per the requirement of Indian Accounting Standard 108 Operating Segment

#### Secondary Segment – Geographical Segment

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

Sales within India include sales to customers located within India. Sales outside India include sales to customers located outside India.

#### Information pertaining to Secondary Segment

#### Gross revenue from operations as per Geographical Locations

(₹ in Lakhs)

Particulars	For the year ended on 31 <sup>st</sup> March, 2022	For the year ended on 31 <sup>st</sup> March, 2021
Within India	22,898.72	18,756.59
Outside India	6,847.61	6,196.53
<b>Total</b>	<b>29,746.33</b>	<b>24,953.12</b>

### 34. EARNING PER SHARE

(₹ in Lakhs)

Particulars	For the year ended on 31 <sup>st</sup> March, 2022	For the year ended on 31 <sup>st</sup> March, 2021
Net Profit for the year before other Comprehensive Income	1,236.52	1,135.36
Number of Equity Shares	5,070,240	5,070,240
Basic & Diluted Earnings per Share (Price per share ₹ 10)	₹ 24.39	₹ 22.39

- 35.** 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.
- 36.** Balances of Unsecured Loans, Trade Receivables, Trade Payables and Loans & Advances are subject to confirmation and reconciliation.

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 37. CORPORATE SOCIAL RESPONSIBILITY

(₹ in Lakhs)

	Particulars	For the year ended on 31 <sup>st</sup> March, 2022	For the year ended on 31 <sup>st</sup> March, 2021
(1)	Amount required to be spent by the company	27.15	25.30
(2)	Amount of expenditure incurred on:		
(i)	Construction/acquisition of any asset	--	--
(ii)	On purposes other than (i) above	27.50	25.51
(3)	Shortfall at the end of the year	--	--
(4)	Previous year shortfall	--	--
(5)	Reason for shortfall	--	--
(6)	Nature of CSR activities	Education & Health*	
(7)	Details of related party transactions in relation to CSR expenditures	--	--

\* (a) Educational and employment enhancing vocational skills and specially among children, women (b) Medical rehabilitation, eradicating hunger poverty and malnutrition, promoting preventive healthcare, setting up day care centers and promoting livelihood enhancement projects.

### 38. OUTSTANDING DUES OF MICRO & SMALL ENTERPRISES

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

(₹ in Lakhs)

Particulars	2021 – 22	2020 – 21
The Principal Amount	1,171.33	1,529.01
Interest Paid under MSMED Act, 2006	--	--
Interest due (Other than 23.3 (b))	--	--
Interest accrued and unpaid	--	--
Interest due and payable till actual payment	--	--

The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Group.

### 39. EMPLOYEE BENEFIT OBLIGATION

As per Indian Accounting Standard (Ind AS) 19 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

#### Defined Contribution Plan:

- (i) Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

(₹ in Lakhs)

Particulars	2021 – 22	2020 – 21
Employer's Contribution to Provident Fund	68.05	41.07

- (ii) Defined Contribution Plan: Employee benefits in the form of Provident Fund are considered as defined contribution plan and the contributions to Employees Provident Fund Organization established under The Employees Provident Fund and Miscellaneous Provisions Act 1952 and Employees State Insurance Act, 1948, respectively, are charged to the profit and loss account of the year when the contributions to the respective funds are due.

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (iii) Defined Benefit Plan: Retirement benefits in the form of Gratuity are considered as defined benefit obligation and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.
- (iv) Following are the risks associated with the plan:

### Interest rate risk:

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

### Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

### Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

### Asset Liability Matching Risk:

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

### Mortality risk:

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

### Concentration Risk:

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

### (v) Changes in the Present Value of Projected Benefit Obligation

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Opening defined benefit obligation</b>	<b>205.26</b>	<b>134.28</b>
Current Service Cost	18.16	14.49
Past Service Cost	--	84.25
Interest Cost	14.23	9.18
Actuarial losses/(gains) due to change in Financial Assumptions	(6.94)	(1.49)
Actuarial losses/(gains) due to experience	7.41	20.08
Actuarial losses/(gains) due to demographic assumptions	(0.03)	--
Losses (gains) on curtailments	--	--
Liabilities extinguished on settlements	--	--
Benefits Paid Directly by Employer	--	(50.00)
Benefits paid from the Fund	(12.04)	(5.53)
<b>Closing defined benefit obligation</b>	<b>226.05</b>	<b>205.26</b>

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (vi) Changes in Fair Value of Plan Assets

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Opening fair value of plan assets</b>	<b>144.25</b>	<b>120.93</b>
Interest Income	10.00	8.27
Return on plan assets excluding Interest Income	0.72	0.00
Assets distributed on settlements	--	--
Contributions by employer	70.34	20.58
Benefits paid	(12.04)	(5.53)
<b>Closing balance of fair value of plan assets</b>	<b>213.27</b>	<b>144.25</b>

### (vii) Amount Recognized in Balance Sheet

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Present value of Defined Benefit Obligation at the end of the year	(226.05)	(205.26)
Fair value of Plan Assets at the end of the year	213.27	144.25
Funded Status Surplus/(Deficit)	(12.78)	(61.01)
<b>Net (Liability)/Assets recognized in the Balance sheet</b>	<b>(12.78)</b>	<b>(61.01)</b>

### (viii) Expenses Recognized in Statement of Profit or Loss for Current period:

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Current Service Cost	18.16	14.49
Net Interest Cost	4.23	0.91
Past Service Cost	--	84.25
Expected Contribution by the Employees	--	--
(Gains)/Losses on curtailments and settlements	--	--
<b>Expenses Recognized in Statement of Profit &amp; Loss</b>	<b>22.39</b>	<b>99.65</b>

### (ix) Expenses Recognized in the Other Comprehensive Income (OCI)

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Actuarial (Gains)/Losses on Obligations for the period	0.43	18.59
Return on Plan Assets, excluding interest income	(0.72)	(0.00)
<b>Net Expenses for the period Recognized in OCI</b>	<b>(0.28)</b>	<b>18.59</b>

**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****(x) Sensitivity Analysis of Defined Benefit Obligation**

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Projected Benefit Obligation on Current Assumptions	226.05	205.26
Delta Effect of +1% Change in Rate of Discounting	(16.32)	(15.12)
Delta Effect of -1% Change in Rate of Discounting	19.27	17.96
Delta Effect of +1% Change in Rate of Salary Increase	17.75	16.37
Delta Effect of -1% Change in Rate of Salary Increase	(15.32)	(14.08)
Delta Effect of +1% Change in Rate of Employee Turnover	0.57	0.07
Delta Effect of -1% Change in Rate of Employee Turnover	(0.72)	(0.11)

Sensitivities have been calculated to show the movement in Defined Benefit Obligation in isolation and assuming there are no other changes in market conditions at the accounting date. In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

**(xi) Actuarial Assumptions:**

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Expected Return on Plan Assets	6.93%	6.84%
Rate of Discounting	6.93%	6.84%
Rate of Salary Increase	7.00%	7.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

**(xii)** The above details are certified by the actuary M/s. K.A. Pandit Consultants & Actuaries.

- 40.** Based on the assessment performed by the group and considering available liquidity, the group believes that the impact of Covid-19 is not material. Accordingly, the pandemic is not likely to have a significant impact on the group's future operations, its profitability and recoverability of the carrying value of its assets, as at March 31, 2022 and on its control environment. The group will continue to closely monitor material changes to future economic conditions, if any, as and when they arise.
- 41.** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment received Indian Parliament approval and Presidential assent in September 2020. The code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The parent will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 42. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY AND SUBSIDIARY AS PER SCHEDULE-III OF THE COMPANIES ACT, 2013:

(₹ in Lakhs)

Name of the Company	Net Assets		Share in Profit or Loss		Other Comprehensive Income		Total Other Comprehensive Income	
	% of Consolidated Net Assets	Net Assets/ (liability)	% of Consolidated Profit or Loss	Profit/ (Loss)	% of Consolidated OCI	OCI	% of Consolidated TCI	TCI
<b>Parent Company</b>								
Patels Airtemp (I) Limited	100.04%	11063.66	100.29%	1240.12	100%	0.21	100%	1240.33
<b>Wholly Owned Subsidiary (WOS)</b>								
Patels Airtemp (USA) Inc;	(0.04)	(4.25)	(0.29)	(3.60)	--	-	-	(3.60)

**Note:** Above figures are after eliminating intra-group transactions and intra group balances as at 31<sup>st</sup> March, 2022.

### 43 INCOME TAXES

#### A Income taxes recognised in Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Current tax</b>		
In respect of the current year	420.00	397.00
(Excess)/Short provision for tax of earlier years	2.45	5.58
	<b>422.45</b>	<b>402.58</b>
Deferred tax(credit) /Charged	20.85	2.75
<b>Total income tax expense recognised in respect of continuing operations</b>	<b>443.30</b>	<b>405.33</b>

#### B Tax reconciliation

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Profit before taxes</b>	<b>1,679.83</b>	<b>1,540.68</b>
Enacted tax rate in India*	25.168%	25.168%
Expected income tax (benefit)/expense at statutory tax rate	422.78	387.76
<b>Effect of:</b>		
Diffrence in Depreciation for the year as per books and as per Income tax	(40.91)	(12.07)
Timing diffrence of amounts deductible on actual payment (Net)	13.55	9.33
Tax effect on non -deductible expenses	45.05	7.35
Reversal of deferred tax liability on account of changes in tax rates from 29.12% to 25.168% (Effective 1st April,2019)	-	-
Others	(0.53)	7.02
adjustments for current tax of prior years	2.45	5.58
<b>Income taxes recognised in the Statement of Profit and Loss</b>	<b>442.39</b>	<b>404.97</b>



## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### C Income Tax Recognised in Other Comprehensive Income: (₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(0.07)	4.68
<b>Total income tax asset/(liability) recognised in other comprehensive income</b>	<b>(0.07)</b>	<b>4.68</b>
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to Statement of Profit and Loss	(0.07)	4.68
<b>Income tax asset/(liability) recognised in other comprehensive income</b>	<b>(0.07)</b>	<b>4.68</b>

### D Components of Deferred Tax (charge)/benefit for the year

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Depreciation and amortisation	10.16	12.07
Disallowances of employee benefits u/s. 43B of the Income Tax	10.69	(9.33)
Reduction of liability on account of changes in effective tax rate (refer Note 38)		-
<b>Total deferred tax Charge/(benefit) for the year</b>	<b>20.85</b>	<b>2.75</b>

Note: Deferred tax liability has been calculated using effective tax rate of 25.168% (previous year 25.168%)

### E Components of deferred tax assets and liabilities

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>(a) Deferred tax liabilities</b>		
Difference between book and tax depreciation	205.48	195.32
	<b>205.48</b>	<b>195.32</b>
<b>(b) Deferred tax assets</b>		
Disallowances of employee benefits u/s. 43B of the Income Tax	10.16	20.85
Remeasurement benefit of the defined benefit plans through OCI	12.57	12.64
	<b>22.72</b>	<b>33.49</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>182.75</b>	<b>161.83</b>

## **NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### **44. OTHER STATUTORY DISCLOSURES:**

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the parent for holding any Benami property.
- (ii) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (iii) The Group does not have any transaction with struck-off companies.
- (iv) The Group does not have any charge or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- (v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that (a) the Company shall: directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (viii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (ix) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on Number of Layers) Rules, 2017.
- (x) Key Financial Ratios together with reasons for change in the ratio by more than 25% as compared to previous financial year are as under :

<b>Ratio Analysis :</b>	<b>UOM</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>	<b>Variances</b>
<b>i) Current Ratio :</b>				
Current Assets (a)	(₹ in Lakhs)	23,677.25	23,843.22	
Current Liabilities (b)	(₹ in Lakhs)	14,242.03	16,658.66	
Current Ratio (a/b)	Times	1.66	1.43	16.15%
Numerator - Total Current Assets				
Denominator - Total Current Liabilities - Project Creditors				
<b>ii) Debt-Equity Ratio:</b>				
Total Debt (a)	(₹ in Lakhs)	2,906.79	1,442.53	
Shareholder's Equity (b)	(₹ in Lakhs)	11,059.41	9,949.24	
Debt - Equity Ratio (a/b) *	Times	0.26	0.14	81.28%

**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>Ratio Analysis :</b>	<b>UOM</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>	<b>Variances</b>
Numerator - Long term debt from Banks & Financial Institutions				
Denominator - Total equity				
*Due to increase in Term Loan (Covid -19 ECLGS Loan) from Bank of Baroda Rs. 1,092 Lakhs & Axis Bank Rs. 325 Lakhs which led to increase in Debt by Rs. 1,417 Lakhs.				
<b>iii) Debt Service Coverage Ratio :</b>				
Earnings available for Debt services (a)	(₹ in Lakhs)	2,942.89	2,668.23	
Interest + Installments (b)	(₹ in Lakhs)	901.51	798.10	
Debt Service coverage Ratio (a/b)	Times	3.26	3.34	-2.36%
Numerator - Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.				
Denominator - Interest on borrowings + Principal Repayments				
<b>iv) Return on Equity Ratio :</b>				
Profit after Taxes	(₹ in Lakhs)	1,236.52	1,135.35	
Shareholder's Fund (b)	(₹ in Lakhs)	11,059.41	9,949.24	
Return on Equity Ratio (a/b)	%	11.18%	11.41%	-2.02%
Numerator - Profit after Taxes				
Denominator - Total Equity				
<b>v) Inventory Turnover Ratio :</b>				
Annual net credit sales (a)	(₹ in Lakhs)	29,881.17	25,091.39	
Average Inventory (b)	(₹ in Lakhs)	10,048.73	10,237.21	
Inventory Turnover Ratio (a/b)	Times	2.97	2.45	21.32%
Numerator - (Domestic sales + Export sales + Sale of services)				
Denominator - (Opening Inventory + Closing Inventory)/2				
<b>vi) Trade Receivables Turnover Ratio :</b>				
Annual net credit sales (a)	(₹ in Lakhs)	29,881.17	25,091.39	
Average Accounts Receivable (b)	(₹ in Lakhs)	9,251.16	9,154.60	
Trade Receivables turnover Ratio (a/b)	Times	3.23	2.74	17.85%
Numerator - (Domestic sales + Export sales + Sale of services)				
Denominator - (opening trade receivable + closing trade receivable)/2				

## NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Ratio Analysis :	UOM	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021	Variances
<b>vii) Trade Payables Turnover Ratio :</b>				
Annual net credit Purchases (a)	(₹ in Lakhs)	26,280.63	21,733.52	
Average Accounts Payable (b)	(₹ in Lakhs)	5,027.76	6,149.30	
Trade Payables turnover Ratio (a/b)*	Times	5.23	3.53	47.90%
Numerator - (Cost of Material Consumed + Changes in Inventory + Other Manufacturing Cost + Other Expenses)				
Denominator - (opening trade payable + closing trade payable)/2				
* In view of reduction in trade payables as compared to previous financial year the trade payable turnover ratio has significantly improved.				
<b>viii) Net Capital turnover Ratio :</b>				
Annual net credit Sales (a)	(₹ in Lakhs)	29,881.17	25,091.39	
Working Capital (b)	(₹ in Lakhs)	5,871.81	4,932.19	
Net Capital turnover Ratio (a/b)	Times	5.09	5.09	0.03%
Numerator - (Domestic sales + Export sales + Sale of services)				
Denominator - Working Capital (Current Assets- Current Liability)				
<b>ix) Net Profit Ratio :</b>				
Profit after Tax (a)	(₹ in Lakhs)	1,236.52	1,135.35	
Sales (b)	(₹ in Lakhs)	29,881.17	25,091.39	
Net Profit Ratio (a/b)	%	4.14%	4.52%	-8.55%
Numerator - Profit after tax				
Denominator - (Domestic sales + Export sales + Sale of services)				
<b>x) Return on Capital Employed :</b>				
Earnings before Interest and Taxes (a)	(₹ in Lakhs)	2,581.33	2,338.79	
Capital Employed (b)	(₹ in Lakhs)	20,076.32	16,590.61	
Return on Capital Employed (a/b)	%	12.86%	14.10%	-8.79%
Numerator - Earnings before Interest and Taxes				
Denominator - Total Assets - Current Liabilities - Other Current Liabilities				

**NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>Ratio Analysis :</b>	<b>UOM</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>	<b>Variances</b>
<b>xi) Return on Investment :</b>				
Return or Profit or Earnings (a)	(₹ in Lakhs)	1,236.52	1,135.35	
Total equity at the beginning of the period (b)	(₹ in Lakhs)	9,949.24	8,954.71	
Return on Investment (a/b)	%	12.43%	12.68%	-1.98%
Numerator - Profit after tax				
Denominator - Total equity at the beginning of the period				

**45. APPROVAL OF FINANCIAL STATEMENT**

These consolidated financial statements were approved for issue by the board of directors on 28th May, 2022.

As per our report of even date attached.

**For, SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm's Registration Number:113742W

**Vasant C. Tanna**  
Partner  
Membership No.100422

Place: Ahmedabad  
Date: 28<sup>th</sup> May, 2022

For and on behalf of the Board of Directors  
**Patels Airtemp (India) Limited**

**Narayanbhai G. Patel**  
Chairman & Whole Time Director  
DIN:00023071

**Kamlesh R. Shah**  
Chief Financial Officer  
Place: Ahmedabad  
Date: 28<sup>th</sup> May, 2022

**Sanjivkumar N. Patel**  
Managing Director  
DIN:02794095

**Nikhil M. Patel**  
Company Secretary

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**PATELS AIRTEMP (INDIA) LIMITED**

CIN: L29190GJ1992PLC017801

Factory (Work): Plot No. 805, 806, 807, 810, Rakanpur – 382722,  
Via: Sola-Bhadaj Village, Ta; Kalol, Dist: Gandhinagar, Gujarat, India

Ph. No.: +91-2764286634/35, Fax No. : +91-2764286301

Email : share@patelsairtemp.com, Website: [www.patelairtemp.com](http://www.patelairtemp.com)

**E-COMMUNICATION REGISTRATION FORM**

Dear Shareholders,

You are aware that the provisions of Companies Act, 2013 have been made effective. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued thereunder, Companies can serve Annual Reports and other communications through electronic mode to those shareholders who have registered their email address either with the Company or with the Depository or with Registrar and Share Transfer Agent (RTA).

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow Shareholders to contribute towards a greener environment. This is a golden opportunity for every Shareholder of Patels Airtemp (India) Limited to contribute to the cause of Green Initiative.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode.

Please note that as a Member of the Company, you will be entitled to receive all such communication in physical form, upon request.

Best Regards,

**Nikhil M. Patel**

Company Secretary

Folio No. / DP ID and Client ID : \_\_\_\_\_

Name of the 1st Registered Holder : \_\_\_\_\_

Name of Joint Holder[s] : \_\_\_\_\_

Registered Address : \_\_\_\_\_  
\_\_\_\_\_

E-mail ID (to be registered) : \_\_\_\_\_

I / We Shareholder(s) of Patels Airtemp (India) Limited agree to receive communication from the Company in electronic mode. Please register my/our above e-mail ID in your records for sending communication in electronic form.

Date :

Signature :

**Note:** Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.

## NECS MANDATE 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**

A-802, Samudra Complex, off. C. G. Road

Navrangpura, Near Girish Cold Drinks,

Ahmedabad – 380009

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./DPID & 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 Cr.13			
A/c No. as Appearing on Cheque Book										
Bank Ledger No./ Bank Ledger Folio No. if any appearing on the 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, an 11-digit code to enable the remittance through NEFT or RTGS.

\*\*I/We enclose a blank cancelled cheque.







## DUDHAI UNIT FACTORY AREA

68 mt W X 162m L X 11 mt opt. HT



*If undelivered, Please return to :*

**Patels Airtemp (India) Limited**

Registered Office : 5th Floor, Kalpana Complex,  
Nr. Memnagar Fire Station, Navrangpura, Ahmedabad : 380009  
Ph. No.: +91-79-27913694/95/96, Fax No.:+91-79-27913693  
Email : [share@patelsairtemp.com](mailto:share@patelsairtemp.com)  
Website: [www.patelsairtemp.com](http://www.patelsairtemp.com)