

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

We have audited the accompanying financial statements of SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED ("the Company") which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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



Opinion

- i. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014; and
 - in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
 - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together "the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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;
 - The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, Balance Sheet, Statement of Profit and Loss and Cash Flow Statement Sheet dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013.
 - Based on written representations made by all the directors of the Company and taken on record by the Board of Directors and the information and explanations as made available, directors of the Company do not have any disqualification as on 31st March, 2014 as referred to in clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

PLACE: NEW DELHI
DATED: JULY 30, 2014



for S. P. PURI & CO.,
CHARTERED ACCOUNTANTS
FIRM REGISTRATION No. 001152N

Rajiv Puri

(RAJIV PURI)
PARTNER
MEMBERSHIP No. 084318

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Report of even date.

Re. SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED (the Company)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets of the Company have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, fixed assets disposals during the year were not substantial and therefore do not affect the going concern assumption.
- ii. (a) Physical verification of inventory, except goods-in-transit has been conducted by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of examination of records of the inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records, which in our opinion were not material has been properly dealt with in the books of account.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In respect of loans, secured or unsecured, taken by the Company from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 :
 - a) The Company has taken unsecured loans from three parties and the maximum amount involved during the year was aggregating to Rs. 4,05,00,000 and the year end balance of loans taken from such parties was Rs. 3,90,00,000.
 - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of unsecured loans taken by the Company were not prima facie prejudicial to the interest of the Company.
 - c) In respect of unsecured loans taken by the Company, the same are repayable on demand and as informed, the loans were repaid as demanded by lenders during the year and there has been no default on the part of the Company. The Company was regular in the payment of interest during the year.
- iv. In our opinion, having regard to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods. There are no cases of services during the year. During the course of our audit, no major weaknesses have been noticed in the internal controls.



- v. (a) In our opinion and according to the information and explanations provided by the management, during the year the transactions made in pursuance of contracts or arrangements, that needs to be entered in the register maintained under section 301 of the Company Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations provided by the management, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Company Act, 1956 and exceeding the value of rupees five lacs in respect of each party during the year, have been made at prices which appear reasonable as per information available with the Company.
- vi. The Company has not accepted any deposits from the public covered under section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- vii. The Company has an adequate internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of manufacture of Company's products pursuant to the Companies Cost Accounting Records Rules, 2011 prescribed by the Central Government under section 209(l)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess were outstanding, as at 31st March, 2014 for a period of more than six months from the date they became payable. Amounts due and outstanding for a period exceeding six months as at March 31, 2014 to be credited to Investor Education and Protection Fund of Rs. 16,69,800, which are held in abeyance due to pending legal case, have not been considered.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, there are no dues of customs duty, wealth-tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

According to the information and explanations given to us, the following dues of income tax and sales tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount (Rs.) *	Period to which amount relates	Forum where dispute is pending
Rajasthan Vat Act	Entry Tax including interest and penalty as applicable	11,22,762	2007-2008 to 2013-2014	Rajasthan High Court
Income Tax Act, 1961	Income Tax	65,45,260	2010-2011	Commissioner of Income Tax (Appeals), New Delhi

* Includes interest & penalty wherever indicated in the order



- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. There are no dues to a financial institution or debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xiv. According to information and explanations given to us, the Company is not dealing or trading in Shares, Securities, Debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for any loan taken by others from a bank or financial institution.
- xvi. Based on our audit procedures and on the information and explanations given by the management, the term loans have been applied for the purpose for which they were raised.
- xvii. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no significant funds raised on short-term basis have been used for long-term investment by the Company.
- xviii. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- xix. The Company has no outstanding debentures during the year.
- xx. The Company has not raised any money by public issue during the year.
- xxi. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

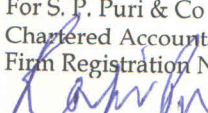

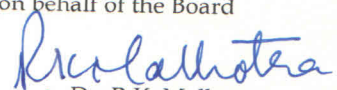
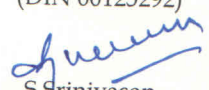


PLACE: NEW DELHI
DATED: JULY 30, 2014



for S. P. PURI & CO.,
CHARTERED ACCOUNTANTS
FIRM REGISTRATION No. 001152N

(RAJIV PURI)
PARTNER
MEMBERSHIP No. 084318


SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	25,448,050	25,448,050
Reserves and surplus	3	681,522,280	536,535,878
	Sub-Total	706,970,330	561,983,928
Non-current liabilities			
Long-term borrowings	5	107,500,000	84,375,000
Deferred tax liabilities (Net)	4	28,897,536	13,501,544
Long-term provisions	6	9,532,307	9,524,766
	Sub-Total	145,929,843	107,401,310
Current liabilities			
Short-term borrowings	7	92,417,561	155,662,906
Trade payables	8	41,431,706	42,777,395
Other current liabilities	9	120,754,124	62,757,477
Short-term provisions	6	54,154,013	3,043,774
	Sub-Total	308,757,404	264,241,552
	Total	1,161,657,577	933,626,790
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	654,607,358	498,917,910
Intangible assets	10	2,477,720	3,701,006
Capital work-in-progress -Tangible assets	10	216,711	54,455,611
Long-term loans and advances	11	21,280,588	21,704,755
Other non-current assets	12	30,000	30,000
	Sub-Total	678,612,377	578,809,282
Current assets			
Inventories	13	228,861,038	161,345,678
Trade receivables	14	162,348,380	125,526,751
Cash and bank balances	15	21,913,286	19,105,051
Short-term loans and advances	11	69,491,651	48,631,489
Other current assets	12	430,845	208,539
	Sub-Total	483,045,200	354,817,508
	Total	1,161,657,577	933,626,790
Significant accounting policies & Notes on financial statements	1 to 40		
<p>As per our report of even date For S. P. Puri & Co Chartered Accountants Firm Registration Number 001152N  (Rajiv Puri) Partner</p>  <p>Membership no : 084318 Place : New Delhi Dated : 30-July-2014</p>			
<p>For and on behalf of the Board</p>  Dr. R.K. Malhotra Chairman (DIN 00125292)  S.Srinivasan Managing Director (DIN 00125514) <p> Sanjeev Tomar Company Secretary</p>  Rajesh Khanna General Manager (F&A)			

SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

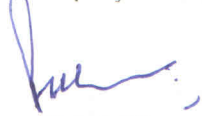
Particulars	Note No.	Year ended 31st March, 2014 Rs.	Year ended 31st March, 2013 Rs.
Income			
Revenue from operations (gross)	16	1,188,882,925	805,912,632
Less : Excise duty		24,302,935	32,582,816
Revenue from operations (net)		1,164,579,990	773,329,816
Other income	17	20,560,341	11,632,103
Total Revenue (I)		1,185,140,331	784,961,919
Expenses			
Cost of raw materials consumed (refer note 34)		592,303,096	466,571,627
Purchases of stock-in-trade		4,066,391	4,165,439
Changes in inventories of finished goods and work-in-progress	18	(35,537,744)	656,662
Employee benefits expense	19	121,977,381	82,944,909
Finance costs	20	31,943,204	12,187,701
Depreciation and amortization expense	21	41,517,052	24,015,750
Other expenses	22	177,047,255	105,346,916
Total expenses (II)		933,316,635	695,889,004
Profit before tax (I - II)		251,823,696	89,072,915
Tax expense			
- Current year		72,400,000	26,300,000
- Earlier years		(311,113)	(257,502)
- Deferred tax		15,395,992	2,905,583
Total tax expenses		87,484,879	28,948,081
Profit for the year		164,338,817	60,124,834
Earnings per equity share (face value of Rs 10/-each):			
Basic	23	64.58	23.63
Diluted	23	64.58	23.63
Significant accounting policies & Notes on financial statements	1 to 40		

As per our report of even date
For S. P. Puri & Co
Chartered Accountants
Firm Registration Number 001152N


(Rajiv Puri)
Partner





Sanjeev Tomar
Company Secretary


Rajesh Khanna
General Manager (F&A)



Dr. R.K. Malhotra
Chairman
(DIN 00125292)


S.Srinivasan
Managing Director
(DIN 00125514)

Membership no : 084318
Place : New Delhi
Dated : 30-July-2014

SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 Rs.	Year Ended 31st March, 2013 Rs.
A Cash flow from Operating Activities:		
Net profit before tax	251,823,696	89,072,915
Adjustment for :		
Depreciation	41,517,052	24,015,750
(Profit)/Loss on sale of fixed assets	625,195	268,447
Provision for MTM Loss	1,159,358	-
Interest paid	24,240,885	8,363,730
Interest received	(783,628)	(541,043)
	<u>66,758,862</u>	<u>32,106,884</u>
Operating profit before working capital changes	318,582,558	121,179,799
(Increase) / Decrease in trade receivables	(36,821,630)	(61,583,054)
(Increase) / Decrease in inventories	(67,515,361)	6,506,907
(Increase) / Decrease in long term / short term loans and advances	(49,877,090)	(7,415,541)
(Increase) / Decrease in other non current / current assets	(336,993)	442,854
Increase / (Decrease) in trade payables	(1,345,689)	26,175,482
Increase / (Decrease) in other current liabilities	33,889,003	17,353,855
Increase / (Decrease) in long term / short term provisions	32,477,907	5,392,133
	<u>(89,529,853)</u>	<u>(13,127,365)</u>
Cash generated from operations	229,052,705	108,052,434
Income tax paid	<u>(44,519,692)</u>	<u>(26,957,149)</u>
Net cash from operating activities	<u>184,533,013</u>	<u>81,095,285</u>
B. Cash flow from Investing Activities		
Purchase of fixed assets	(143,125,306)	(231,597,782)
Proceeds from sale of fixed assets	755,795	201,471
Interest received	973,437	577,003
Investments in bank deposits (having original maturity of more than three months)	(6,594,461)	(1,293,193)
Net cash(used) raised from investing activities	<u>(147,990,535)</u>	<u>(232,112,500)</u>
C. Cash flow from Financing Activities		
(Increase) / Decrease in borrowings funds.		
Proceeds from fresh borrowings (Term Loan)	47,500,000	100,000,000
Cash credit loans from banks	(84,841,823)	32,943,272
Post Shipment Loan (in Foreign Currency)	(2,692,842)	(2,934,959)
FCNR Loan (in Foreign Currency)	15,289,318	30,000,000
Loans from related parties	9,000,002	8,500,000
REPAYMENT OF BORROWINGS		
Interest paid	(24,583,359)	(8,363,730)
Dividend paid	-	(9,116,515)
Tax on dividend paid	-	(1,651,324)
Net Cash flow from / (used in) financing Activities	<u>(40,328,704)</u>	<u>149,376,745</u>
Net increase in cash & cash equivalents (A+B+C)	<u>(3,786,226)</u>	<u>(1,640,471)</u>
Cash & Cash equivalents at the beginning of the year*	15,438,720	17,079,190
Cash & Bank balance*	<u>15,438,720</u>	<u>17,079,190</u>
Cash & Cash equivalents at the end of the year*	11,652,494	15,438,720
Cash & Bank balance*	<u>11,652,494</u>	<u>15,438,720</u>

* Includes unpaid dividend bank account balances which can be utilised only by the company for settlement of unpaid dividend liabilities.

1) The above cash flow statement has been prepared under the indirect set out in Accounting Standard 3 "Cash flow statement"

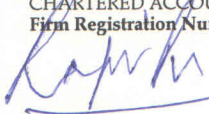
2) Figures in brackets indicate cash outflow and without brackets indicate cash inflow.


As per our report of even date

FOR S. P. PURI & CO.

CHARTERED ACCOUNTANTS

Firm Registration Number 001152N


(RAJIV PURI)
Partner


Rajesh Khanna
General Manager (F & A)


Sanjeev Tomar
Company Secretary


Dr. R.K. Malhotra
Chairman
(DIN 00125292)


S. Srinivasan
Managing Director
(DIN 00125514)

M.No. 84318
PLACE: NEW DELHI
DATE : 30-July-2014



SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED
Notes to financial statements for the year ended 31ST March, 2014

Note 1 SIGNIFICANT ACCOUNTING POLICIES

I Corporate Information

Spirotech Heat Exchangers Private Limited ("the Company") is a Private limited company incorporated in India. It was formed in 1994 and began commercial production in January 1996. The Company is engaged in the manufacturing of Cooling and Condensing Coils.

II Method of Accounting :

The financial statements are prepared under the historical cost convention on an accrual basis.

III Accounting Convention:

The financial statements have been prepared in accordance with applicable accounting standards in India notified under section 211(3C) of the Companies Act, 1956 which as per General Circular 15/2013 dated 13th September 2013, issued by Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 . Financial statements have also been prepared in accordance with relevant presentation requirement of the Companies Act, 1956 of India.

IV Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reportable amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual result could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

V Fixed Assets :

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost comprises of the purchase price, incidental expenses, erection/commissioning expenses and financial charges up to the date of the fixed asset is ready for its intended use.

The Company provides depreciation on fixed assets on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956, on a pro-rata basis from the month in which the asset is put to use. Depreciation on assets less than Rs. 5,000 purchased during the year are depreciated fully in the same year. Depreciation is not provided on fixed assets sold, discarded, etc., during the year.

Pursuant to adoption of AS - 26, issued by the ICAI, for accounting of Intangible Assets, software, which is not an integral part of the related hardware is classified as an intangible assets and is being amortised over a period of 36 months, being the estimated useful life of the asset.

Fixed Assets are reviewed for impairment on Balance Sheet date as per AS - 28.

VI Inventory Valuation :

- a) Raw Materials are valued at lower of weighted average cost or net realisable value.
- b) Stores and spare parts are valued at lower of weighted average cost or net realisable value.
- c) Finished goods and Work in Progress are valued at lower of cost or market value. Cost is arrived on a weighted average basis and includes applicable manufacturing overheads.
- d) Loose tools included in store and spares parts are amortised on the basis of its estimated useful life.

VII Income Tax :

- a) Current Income Tax is ascertained on the basis of assessable profit computed in accordance with provisions of the Income Tax Act, 1961.
- b) Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

VIII Leases :

Operating Lease

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease.

Operating lease payments are recognised as an expense in the statement of Profit and Loss on a straight line basis over the lease term.

IX Employee Benefits :

Provident Fund :

Contribution to defined contribution Schemes such as Provident Fund etc., are charged to Statement of Profit & Loss as incurred.

Gratuity :

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has an employee gratuity fund managed by Kotak Mahindra Old Mutual Life Insurance Ltd. The Company accounts for the liability of Gratuity Benefits payable in future based on an independent actuarial valuation.

Leave Encashment :

The Company provides for the encashment of leave with pay subject to certain rules to its employees. The eligible employees are entitled to accumulate leave subject to certain limits, for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.



Termination Benefits :

Termination benefits are recognised as an expense as and when incurred or only when the obligation can be reliably estimated.

X **Excise :**

Excise duty on finished goods manufactured is accounted on the basis of production of goods

XI **Revenue Recognition :**

- i) Income and Expenditure are recognised on accrual basis.
- ii) Revenue from domestic and export sales are recognised on transfer of all significant risks and rewards or ownership to the buyer.
- iii) Price escalation claims from customers and discounts from suppliers are accounted in the year under audit, only if they are settled with the customers and suppliers respectively up to the date of finalisation of accounts.
- iv) All price escalation agreed to with the suppliers and discounts to customers upto the date of finalisation of accounts have been accounted for as expense in the said year.

XII **Borrowing cost:**

Borrowing cost on loan relating to qualifying assets are capitalized to the extent incurred prior to these assets being put to use. Other borrowing costs are written off in the year to which they pertain.

XIII **Earning per share:**

Annualized basic earning per share is arrived at based on net profit/(loss) after taxation to the basic/weighted average number of equity shares.

XIV **Contingencies:**

Loss contingencies arising from claims, litigations, assessments, fines, penalties, etc., are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

Warranty cost is provided on the basis of cost of warranty claims received from the customers and a reasonable estimate for future claims is made based on empirical data.

XV **Foreign currency transactions:**

Initial Recognition:

Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of transactions.

Conversion:

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

Exchange Difference:

Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss.

Forward Exchange Contracts:

In case of Forward Exchange Contracts, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognized in the Statement of Profit & Loss while gains are ignored.



SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED
Notes to financial statements for the year ended 31st March , 2014

Particulars	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.
Note 2 Share Capital		
Authorised Shares (in nos) 4,000,000 (Previous year 4,000,000) Equity Shares of Rs.10/- each	40,000,000	40,000,000
Issued, Subscribed and Paid up Shares (in nos) 2,544,805 (Previous Year 2,544,805) Equity Shares of Rs.10/- each, fully paid up	25,448,050	25,448,050
	25,448,050	25,448,050

a) Reconciliation of the equity shares outstanding at the beginning and at the end of reporting year

Reconciliation	AS AT 31st March, 2014		AS AT 31st March, 2013	
	No.	Rs	No.	Rs
Shares outstanding at the beginning of the year	2,544,805	25,448,050	2,544,805	25,448,050
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,544,805	25,448,050	2,544,805	25,448,050

b) Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

c) Detail of shareholders holding more than 5% shares in the company

Name of Shareholder	AS AT 31st March, 2014		AS AT 31st March, 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity share of Rs. 10/- each fully paid				
Dr. Rajeshwar Kumar Malhotra	636,005	24.99%	636,005	24.99%
Cancoil Thermal Corporation	488,800	19.21%	488,800	19.21%
Mr. Sudesh Kumar Khosla	291,100	11.44%	291,100	11.44%
R.K. Malhotra (HUF)	246,900	9.70%	246,900	9.70%
Mr. Kuldip Rai	242,000	9.51%	242,000	9.51%
Dr. Sandeep Malhotra	168,000	6.60%	168,000	6.60%
Mr. Subramaniam Srinivasan	146,600	5.76%	146,600	5.76%
Mrs. S. Padma	144,300	5.67%	144,300	5.67%
Mrs. Shonali Suri	134,400	5.28%	134,400	5.28%

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

Notes to financial statements for the year ended 31st March , 2014

Particulars	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.
Note 3 Reserves & Surplus		
Capital Redemption Reserve	6,640,000	6,640,000
State Investment Subsidy	1,500,000	1,500,000
General Reserve		
Balance as per the last financial statements	131,303,145	131,303,145
Add: amount transferred from surplus balance in the statement of profit and loss	20,000,000	-
Closing Balance	151,303,145	131,303,145
Surplus in the statement of profit and loss		
Balance as per last financial statements	397,092,733	336,967,899
Profit for the year	164,338,817	60,124,834
Less: Appropriations		
Proposed dividend (Refer to note (a) below)	16,541,233	-
Tax on proposed dividend	2,811,182	-
Transfer to general reserve	20,000,000	-
Net surplus in the statement of profit and loss	522,079,135	397,092,733
Total reserve and surplus	681,522,280	536,535,878
(a) For the year ended 31st March, 2014, the amount of dividend per share proposed to be distributed at Rs. 6.50/- per share.(Previous Year NIL)		
Note 4 Deferred tax liabilities (net)		
Deferred tax liability		
Depreciation	32,860,351	16,980,593
Gross deferred tax liability	32,860,351	16,980,593
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis.	3,962,815	3,479,049
Gross deferred tax Asset	3,962,815	3,479,049
Net deferred tax liability/(asset)	28,897,536	13,501,544

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED
Notes to financial statements for the year ended 31st March , 2014

Particulars	Non-current portion		Current maturities	
	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.
Note 5 Long term borrowings				
Term Loan *				
From Banks				
Indian rupee loans from banks (secured)	62,500,000	84,375,000	25,000,000	15,625,000
Foreign currency loans from banks (secured)	45,000,000		15,000,000	
	107,500,000	84,375,000	40,000,000	15,625,000
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(40,000,000)	(15,625,000)
	107,500,000	84,375,000	-	-

*Term loan from banks are secured against first charge of all current assets of the company including stocks and book debts in addition to the first charge on all existing and future fixed assets of the company and personal guarantee of three directors.

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

5. Terms of Repayment:

The above said loans are repayable as per the repayment schedule below :

Amount in Rs.

S.No.	Loan amount	No of Instl. Due	Each Instl. Amt.	Periodicity	2014-15	2015-16	2016-17	2017-18
1	40,625,000	16	3,125,000	Qtrly.	12,500,000	12,500,000	12,500,000	3,125,000
2	46,875,000	16	3,125,000	Qtrly.	12,500,000	12,500,000	12,500,000	9,375,000
3	60,000,000	8	7,500,000	Qtrly.	15,000,000	30,000,000	15,000,000	-
	147,500,000				40,000,000	55,000,000	40,000,000	12,500,000

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

Notes to financial statements for the year ended 31st March , 2014

Particulars	Long-term		Short-term	
	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.
Note 6 Provisions				
Provision for employee benefits (refer note 24)				
Leave Encashment	2,749,142	2,604,271	644,340	639,339
Sick leave	530,108	490,986	147,396	494,814
Gratuity	6,253,057	6,429,509	67,192	63,992
	9,532,307	9,524,766	858,928	1,198,145
Other provisions				
Provision for income tax Net of advance tax and TDS of Rs.4,45,19,692 (Previous Year Rs. 256,81,364)	-	-	30,059,706	618,612
Provision for Wealth Tax	-	-	17,940	25,217
Proposed Dividend	-	-	16,541,233	-
Corporate Dividend Tax	-	-	2,811,182	-
Warranty Claims (refer note 38)	-	-	2,705,666	1,201,800
Provision for MTM Losses	-	-	1,159,358	-
	-	-	53,295,085	1,845,629
	9,532,307	9,524,766	54,154,013	3,043,774

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

Notes to financial statements for the year ended 31st March , 2014

Particulars	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.
Note 7 Short term borrowings		
a) Loan repayable on demand(Secured)*		
Cash Credit loans from banks	1,813,308	86,655,131
b) Others loans*		
Post Shipment Loan (in Foreign Currency)	6,314,935	9,007,777
FCNR Loan (in Foreign Currency)	45,289,318	30,000,000
Unsecured		
Loans from related parties repayable on demand	39,000,000	29,999,998
	92,417,561	155,662,906

*Cash Credit / Other loans from banks are secured against first charge of all current assets of the company including stocks and book debts in addition to the first charge on all existing and future fixed assets of the company and personal guarantee of three directors.

Note 8 Trade payables		
Trade Payables (refer note 31 for details of dues to micro and small enterprises)	41,431,706	42,777,395
	41,431,706	42,777,395

Note 9 Other current liabilities		
Current maturities of long-term borrowings (refer note 5)	40,000,000	15,625,000
Interest accrued but not due on borrowings	249,195	591,669
Unclaimed dividend (refer note below)*	7,117,605	7,042,483
Security deposits	-	6,376,440
Advance from customers	6,102,231	3,641,128
Taxes payable **	1,868,209	2,022,611
Other payables***	65,416,884	27,458,146
	120,754,124	62,757,477

*Unclaimed dividend do not include any amount to be credited to the investor education protection fund except where there are pending legal cases amounting to Rs.16,69,800/- (Previous year - Rs.1,306,800/-) and therefore amount relating to same could not be transferred.

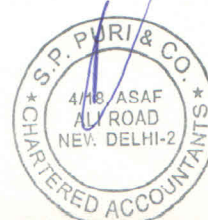
*Unclaimed dividend include interest on unclaimed dividend lying in fixed deposits with bank of Rs 762,398/- (Previous year Rs. 653,683/-) for the earlier years and current year.

** Taxes payable includes withholding tax, excise, sales tax etc.

*** Other payables includes payment due to employees, dues on account of capital items, contribution to PF, ESI, etc.

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

Note 10 Fixed assets

Sl No	Assets	Gross Block (At Cost)					Depreciation/Amortization			Net Block			
		As At 01st April, 2013	Additions	Sale/ Disposal	Other Adjustments#	As at 31st March, 2014	Upto 31st March, 2013	For the Year	Written Back	As at 31st March, 2014	As at 31st March, 2013		
1	Tangible Assets - Leasehold Land (Kaharani) - Leasehold Land (Bhwardi)	111,118,165 1,826,478	- -	- -	- -	111,118,165 1,826,478	1,157,481 -	1,157,481 -	- -	2,314,962 -	108,803,203 1,826,478	109,960,684 1,826,478	
2	Building - Building (Kaharani) - Building (Bhwardi)	186,796,775 27,258,560	72,947,654 -	- -	3,485,652 -	263,230,081 27,258,560	2,078,376 10,894,167	8,135,540 910,436	- -	10,213,916 11,804,603	253,016,165 15,453,957	184,718,399 16,364,393	
3	Plant & Equipments	308,981,856	96,480,003	3,109,084	2,236,223	404,588,998	137,174,923	26,447,993	1,728,092	161,894,824	242,694,174	171,806,933	
4	Furniture & Fixture	2,941,645	9,735,435	-	438,461	13,115,541	992,120	595,284	-	1,587,404	11,528,157	1,949,525	
5	Office Equipments	767,451	6,684,540	-	22,011	7,474,002	311,194	332,131	-	643,325	6,830,677	456,257	
6	Computers	2,990,681	2,463,535	-	-	5,454,216	2,673,078	755,134	-	3,428,212	2,026,004	317,403	
7	Diesel Generator Set	3,643,330	-	-	-	3,643,330	2,026,278	270,335	-	2,296,613	1,346,717	1,617,052	
8	Fork Lift Truck	2,573,317	-	-	-	2,573,317	1,062,352	291,042	-	1,353,994	1,219,923	1,510,965	
9	Electric fittings	7,662,876	-	-	-	7,662,876	2,141,223	727,973	-	2,869,196	4,793,680	5,521,653	
10	Vehicles	5,042,760	2,450,911	-	80,294	7,573,965	2,233,685	323,496	-	2,557,181	5,016,784	2,809,075	
11	Transformer	156,509	-	-	-	156,509	97,616	7,434	-	105,050	51,459	58,899	
	Sub Total	661,760,403	190,762,078	3,109,084	6,262,641	855,676,038	162,842,493	39,954,279	1,728,092	201,068,681	654,607,358	498,917,910	
	Previous year	370,585,118	278,367,667	1,798,780	14,606,398	661,760,403	140,898,586	23,272,769	1,328,862	162,842,493	498,917,910		
1	Intangible Assets Computer Softwares	4,680,011	339,487	424,028	-	4,595,470	979,005	1,562,773	424,028	2,117,750	2,477,720	3,701,006	
	Sub Total	4,680,011	339,487	424,028	-	4,595,470	979,005	1,562,773	424,028	2,117,750	2,477,720	3,701,006	
	Previous year	724,171	3,969,348	13,508	-	4,680,011	249,532	742,981	13,508	979,005	3,701,006		
	Total	666,440,414	191,101,565	3,533,112	6,262,641	860,271,508	163,821,498	41,517,052	2,152,120	203,186,430	657,085,078	502,618,916	
	Previous year	371,309,289	282,337,015	1,812,288	14,606,398	666,440,414	141,148,118	24,015,750	1,342,370	163,821,498	502,618,916		
	Capital work in progress - Tangible Assets												
	# Other adjustment comprises of borrowing cost												
												216,711	54,455,511



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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

Notes to financial statements for the year ended 31st March , 2014

Particulars	Non-current		Current	
	AS AT 31st March, 2014	AS AT 31st March, 2013	AS AT 31st March, 2014	AS AT 31st March, 2013
	Rs.	Rs.	Rs.	Rs.
Note 11 Loans and advances (Unsecured, considered good)				
Capital Advances	3,581,203	13,100,742	-	-
	3,581,203	13,100,742	-	-
Security Deposits	3,670,501	1,007,101	-	1,200,000
	3,670,501	1,007,101	-	1,200,000
Other loans and advances				
Advance recoverable in cash or kind	-	-	4,415,987	4,820,043
Prepaid expenses	-	47,450	3,483,540	2,458,915
Balance with custom, excise and sales tax authorities etc.	7,264,071	1,190,821	61,592,124	39,746,359
Income Tax Recoverable	6,764,813	6,358,641	-	406,172
	14,028,884	7,596,912	69,491,651	47,431,489
	21,280,588	21,704,755	69,491,651	48,631,489
Note 12 Other assets (Unsecured, considered good)				
Non-current bank balances (refer note 15)*	30,000	30,000	-	-
Interest accrued but not due on fixed	-	-	426,357	208,539
Claims receivable	-	-	4,488	-
	30,000	30,000	430,845	208,539

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

Notes to financial statements for the year ended 31st March , 2014

Particulars	AS AT 31st March, 2014 Rs.	AS AT 31st March, 2013 Rs.
Note 13 Inventories (At cost or net realisable value, whichever is lower)		
Raw materials *	150,744,960	126,662,386
Work-in-progress	7,084,954	2,080,570
Finished goods **	53,359,730	22,503,073
Stores and spares	17,671,394	10,099,649
	228,861,038	161,345,678
* Includes material in transit Rs. 92,08,625/- (Previous Year Rs. 114,92,584/-)		
** Includes goods in transit Rs. 3,37,36,175/- (Previous Year Rs. 139,35,403/-)		
Note 14 Trade receivables (Unsecured, considered good)		
Receivables outstanding for a period exceeding six months from the date they are due for payment	468,876	471,266
Other receivables	161,879,504	125,055,485
	162,348,380	125,526,751

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

Notes to financial statements for the year ended 31st March , 2014

Particulars	Non-current		Current	
	AS AT 31st March, 2014	AS AT 31st March, 2013	AS AT 31st March, 2014	AS AT 31st March, 2013
	Rs.	Rs.	Rs.	Rs.
Note 15 Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
Current accounts	-	-	4,736,613	8,320,903
Cash on hand	-	-	39,454	238,090
Sub Total	-	-	4,776,067	8,558,993
Other bank balances				
Unpaid dividend*	-	-	6,876,427	6,879,727
Fixed deposits with original maturity of more than 3 months but less than 12	-	-	10,260,792	3,666,331
Fixed deposits with original maturity for more than 12 months **	30,000	30,000	-	-
Sub Total	30,000	30,000	17,137,219	10,546,058
Amount disclosed under non-current assets (refer note 12)	(30,000)	(30,000)	-	-
Total	-	-	21,913,286	19,105,051

*include in fixed deposit with original maturity of more than 3 months but less than 12 months Rs 12,03,441/
(Previous Year Rs. 11,31,369/)

**held as margin money deposits against letter of credit availed by a company.

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED

Notes to financial statements for the year ended 31st March , 2014

Particulars	Year ended 31st March, 2014 Rs.	Year ended 31st March, 2013 Rs.
Note 16 Revenue from operations		
Sale of products (refer note 34)	1,170,912,662	793,164,523
Other operating revenues		
- Scrap Sales	17,970,263	12,748,109
Gross Revenue from Operations	1,188,882,925	805,912,632
<u>Less:</u>		
Excise duty (refer note 39)	24,302,935	32,582,816
Net Revenue from Operations	1,164,579,990	773,329,816
Note 17 Other income		
Interest income	783,628	541,043
Foreign exchange gain	18,553,266	9,195,760
Other non-operating income	1,223,447	1,895,300
	20,560,341	11,632,103
Note 18 Changes in inventories of finished goods and work-in-progress		
Inventories at the beginning of the year		
Work-in-progress	2,080,569	905,963
Finished goods	22,503,073	24,524,535
	24,583,642	25,430,498
Inventories at the end of the year		
Work-in-progress	7,084,954	2,080,569
Finished goods	53,359,730	22,503,073
	60,444,684	24,583,642
Changes in inventories	(35,861,042)	846,856
Excise duty on increase / (decrease) in finished goods (refer note 39)	323,298	(190,194)
	(35,537,744)	656,662
Note 19 Employee benefit expense		
Salaries, wages and allowances	111,141,978	70,580,993
Contribution to provident and other funds	4,846,197	5,655,053
Gratuity expenses	-	3,917,814
Employees welfare expenses	5,989,206	2,791,049
	121,977,381	82,944,909
Note 20 Finance costs		
Interest on loans	24,240,885	8,085,094
Other interest	2,445,920	278,635
Bank and other finance charges	5,256,399	3,823,972
	31,943,204	12,187,701

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SPIROTECH HEAT EXCHANGERS PRIVATE LIMITED
Notes to financial statements for the year ended 31st March , 2014

Particulars	Year ended 31st March, 2014 Rs.	Year ended 31st March, 2013 Rs.
Note 21 Depreciation and amortization expense		
Depreciation of tangible assets	39,954,279	23,272,769
Amortization of intangible assets	1,562,773	742,981
	41,517,052	24,015,750
Note 22 Other expenses		
Stores and spare parts consumed	45,375,324	16,647,248
Power and fuel	15,336,364	11,353,981
Repairs and maintenance - plant & equipments	4,433,922	3,912,228
Rent	2,337,600	1,007,200
Rates and taxes	716,587	483,917
Insurance	945,451	620,532
Repair and maintenance - buildings	752,161	36,433
Repair and maintenance - others	1,367,737	851,924
Travelling, conveyance and vehicle expenses	5,415,850	5,857,760
Communication & stationery expenses	1,727,483	1,505,045
Legal & professional charges	5,962,472	3,667,266
Security charges	2,213,098	1,411,080
Business promotion	2,010,598	3,413,938
Forwarding expenses	39,807,976	24,270,049
Packing material	44,123,754	26,574,600
Director sitting fees	38,600	26,000
Loss on sale of fixed assets (net)	625,195	268,447
Provision for MTM loss	1,159,358	-
Miscellaneous expenses	2,213,975	2,930,371
Payments to auditor		
As Auditors		
Audit fee	240,000	200,000
Tax audit fee	85,000	70,000
In other capacity		
Taxation matters	140,000	157,304
Other services - certification fees	18,750	81,593
	177,047,255	105,346,916
Note 23 Earning per share (EPS)		
Net profit after tax	164,338,817	60,124,834
Profit/(loss) attributable to the Equity Shareholders (A)	164,338,817	60,124,834
Basic/Weighted Average number of Equity Shares outstanding during the year (Nos.) (B)	2,544,805	2,544,805
Nominal value of Equity Shares (In Rs.)	10.00	10.00
Earnings per equity share		
Basic (A / B)	64.58	23.63
Diluted (A / B)	64.58	23.63

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EMPLOYMENT BENEFITS

Defined Contribution Plans:

A) The Company has recognized in the statement of profit and loss for the year ended March 31, 2014, an amount of Rs. 40,87,958/- (Previous year Rs. 32,41,353/-) as expenses under defined contribution plans. Contribution to Defined Contribution Plans include:

- a) Provident Fund
- b) Employees State Insurance Corporation

	Current Year (Rs.)	Previous Year (Rs.)
a) Provident Fund	3,519,380	2,785,716
b) Employees State Insurance Corporation	568,578	455,637
	<u>4,087,958</u>	<u>3,241,353</u>

The expenses is disclosed in the item-contribution to provident and other funds in Note 19.

B) The Company operates post retirement gratuity plan and earn leaves which is funded & Unfunded are as follows :

	Gratuity (Funded)		Gratuity (Unfunded)		Earned Leaves (Unfunded)		Sick Leaves (Unfunded)	
	Current Year (Rs.)	Previous Year (Rs.)	Current Year (Rs.)	Previous Year (Rs.)	Current Year (Rs.)	Previous Year (Rs.)	Current Year (Rs.)	Previous Year (Rs.)
1 Reconciliation of opening and closing balances of obligations								
Obligation as the beginning of the year	5,473,308	3,129,610	6,493,501	2,575,687	3,243,610	1,554,304	985,800	513,671
Current Service Cost	683,788	355,986	320,175	345,399	580,310	580,003	82,635	85,467
Interest Cost	451,548	266,017	584,415	212,494	291,925	128,230	88,722	42,378
Cost of Plan Amendment	-	-	-	-	-	-	-	-
Actuarial (Gain) / Loss	(587,988)	1,799,888	(1,077,842)	3,359,921	1,033,937	2,312,656	(479,653)	344,284
Benefits paid	(22,656)	(78,193)	-	-	(1,756,300)	(1,331,583)	-	-
Obligation as at the end of the year	5,998,000	5,473,308	6,320,249	6,493,501	3,393,482	3,243,610	677,504	985,800
2 Change in Plan Assets (Reconciliation of opening and closing balances)								
Fair Value of Plan Assets as at the beginning of the year	5,674,988	3,185,695	-	-	-	-	-	-
Expected return on Plan Asset	468,187	270,784	-	-	-	-	-	-
Actuarial (Gain) / Loss	2,42,776	(3,298)	-	-	-	-	-	-
Contributions	548,217	2,300,000	-	-	-	-	-	-
Benefits paid	(22,656)	(78,193)	-	-	-	-	-	-
Fair Value of Plan Assets as at the end of the year	6,911,512	5,674,988	-	-	-	-	-	-
3 Reconciliation of fair value of assets and obligations								
Present value of obligation as at March 31, 2014	5,998,000	5,473,308	6,320,249	6,493,501	3,393,482	3,243,610	677,504	985,800
Fair Value of Plan Assets as at March 31, 2014	6,911,512	5,674,988	-	-	-	-	-	-
Funded/Un funded amount recognised in the Balance Sheet	913,512	201,680	6,320,249	6,493,501	3,393,482	3,243,610	677,504	985,800
Experience adjustment on plan liabilities - (Gain)/Loss	223,531	479,473	(591,643)	2,460,964	1,239,668	1,876,712	(446,721)	286,135
Experience adjustment on plan assets - (Gain)/ Loss	242,776	(3,298)	-	-	-	-	-	-
4 Expense recognised during the year								
Current Service Cost	683,788	355,986	320,175	345,399	580,310	580,003	82,635	85,467
Interest Cost	451,548	266,017	584,415	212,494	291,925	128,230	88,722	42,378
Expected return on Plan Assets	(468,187)	(270,784)	-	-	-	-	-	-
Actuarial (Gain) / Loss	(830,764)	1,803,186	(1,077,842)	3,359,921	1,033,937	2,312,656	(479,653)	344,284
Expenses recognised during the year	(163,615)	2,154,405	(173,252)	9,921	1,906,172	3,020,889	(308,296)	472,129
5 Assumptions								
Discount Rate (per annum)	9.31%	8.25%	9.00%	8.25%	9.00%	8.25%	9.00%	8.25%
Expected rate of return on Plan Assets (per annum)	9.31%	8.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

*The excess of assets over liabilities in respect of funded gratuity has not been recognised as the same is lying in an income tax approved irrevocable trust fund.

C) The estimates of future salary increase, considered in actuarial valuation, take in to account inflation seniority, promoters and other relevant factors such as supply and demand factors in the employment market.

D) Investment detail of plan assets :

The Gratuity Trust has taken up a group policy with Kotak Mahindra Old Mutual Life Insurance Ltd.



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Reconciliation of fair value of assets and obligations
 Present value of obligation
 Fair Value of Plan Assets
 Funded/Unfunded amount recognised in the Balance Sheet
 Experience adjustment on plan liabilities - (Gain)/Loss
 Experience adjustment on plan assets - (Gain)/ Loss

	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010
	3,129,610	2,462,729	1,923,633	2,575,687	2,483,095	2,255,632	1,554,304	1,279,625	1,457,656	1,554,304	1,279,625	1,457,656
	3,185,695	2,026,885	2,008,060	-	-	-	1,554,304	1,279,625	-	1,554,304	1,279,625	-
	201,680	(435,844)	(54,427)	2,575,687	2,483,095	2,255,632	872,466	-	-	872,466	-	-
	479,473	115,445	(58,577)	(166,739)	-	153,910	-	-	-	-	-	-
	(3,298)	11,652	331,494	-	-	-	-	-	-	-	-	-

Note 25 Operating Lease:

The Company has taken office premises / Guest house under operating lease or lease and licence agreements. These are cancellable; have a term of 11 months. The lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement. Lease payments are recognised in in the Statement of Profit and Loss in the year incurred.

An amount of Rs.23,37,600/- (Previous year Rs10,07,200/-) is recognised as lease expenses in the statement of profit and loss for the year ended March 31, 2014.

Note 26 Fixed Assets/Capital Work in progress incurred during the year includes

	Current Year (Rs.)	Previous year (Rs.)
Architect Fees	934,385	3,958,314
Interest and other Charges	5,270,488	12,340,724
Traveling Expenses	416,026	337,380
Others	-	1,000,000
	6,620,899	17,636,418

Note 27 Segmental Reporting

The Company's operating business is organized and managed according to a single primary reportable business segment namely "Condenser and Evaporator Coils". As a part of secondary reporting, revenues are attributed to geographic areas based on the location of the customers. In accordance with Accounting Standard (AS) - 17 on Segment Reporting, the following table presents information relating to the geographical segments for the year 31st March 2014

Segment Revenue (Net of Excise Duty)	Current Year (Rs.)	Previous Year (Rs.)
Domestic	243,373,932	274,668,006
Poland	631,360,513	290,500,323
Spain	112,407,203	-
Others	177,438,342	208,161,487
Total	1,164,579,990	773,329,816
Carrying amount of segment assets by location	1,030,298,248	840,226,529
Domestic	68,670,509	55,287,601
Poland	40,213,820	-
Spain	22,475,000	38,112,660
Others	1,161,657,577	933,626,790

Note 28 Capital & Other commitments

Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)

Note 29 Contingent Liabilities

- i) Claim against the Company not acknowledged as debt on account of
 - a) Income Tax - matter in appeal
 - b) Entry Tax - matter in appeal-High Court
 - c) Excise Duty - matter in appeal-High Court
- ii) Letter of credit opened by bank for purchase of inventory/Capital goods

Note 30 Derivative Instruments /Unhedged foreign currencies exposures:

The company uses foreign exchange forward contracts to hedge its exposure in foreign exchange rates. These foreign exchange contracts are not used for trading or speculation purposes. The company has a risk of foreign currency exposure on the following derivative instruments that are outstanding at the year end.

Nature of Contracts	Buy/Sell	Current Year		Previous Year	
		Number of Contracts	Amount	Number of Contracts	Amount
Forward Contract (\$)	Buy	1	994,200.50	1	553,505.54
Forward Contract (INR)	Buy	1	60,000,000	1	30,000,000

Dr. J. S. Puri & Co.



Particulars of Unhedged Foreign Currency Exposures

PARTICULAR	EURO	USD
TRADE RECEIVABLE		
CURRENT YEAR	1,333,128	290,065
PREVIOUS YEAR	1,14,191,668	17,070,371
PREVIOUS YEAR (INR)	1,266,638	426,791
POST SHIPMENT LOAN IN FOREIGN CURRENCY	70,519,548	22,880,712
CURRENT YEAR	74,753	0
PREVIOUS YEAR	6,314,933	0
PREVIOUS YEAR (INR)	78,349	62,507
PREVIOUS YEAR (INR)	5,598,007	3,409,770

Note 31 Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company and the required disclosure is given below.

Particulars	Current Year		Previous Year	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
i) Principal amount remaining unpaid as at the end of the accounting year	5,150,285	10,583,662		
ii) Interest due thereon above	538,651	167,448		
iii) Interest paid by the company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL		
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL		
v) Interest accrued and remaining unpaid as at the end of the accounting year	538,651	167,448		
vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	NIL	NIL		

Note 32 Value of Imports calculated on CIF basis

	Current Year (Rs.)	Previous Year (Rs.)
Capital Goods	79,167,530	51,676,418
Raw Material	456,313,234	315,216,574
Consumables & Spares	27,553,848	11,890,723
Total	563,034,612	378,783,715

Note 33 Expenditure in Foreign Currency (Accrual basis)

	Current Year (Rs.)	Previous Year (Rs.)
i) Expenditure on Traveling	1,236,489	1,500,705
ii) Exhibition Expenses	293,653	1,269,885
iii) Subscription Fee on Software	44,297	-
iv) Commission on Export Sales	197,734	-
v) Legal and professional Charges	785,806	-
Total	2,557,979	2,770,590

Note 34 a) Particulars of Material Consumed*

Item	Current Year (Rs.)	Previous Year (Rs.)
Raw Materials		
i) Copper Tube	267,814,873	278,175,083
ii) Aluminum Foils	169,289,143	110,105,893
iii) Return Bends	42,342,421	41,108,665
iv) Others	112,856,659	37,181,986
Total	592,303,096	466,571,627

* Cost of Material consumed includes others



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b) Value of Consumption of Imported and Indigenous Raw Material and percentage of each to total consumption.

Item	Current Year (Rs.)	%	Previous Year (Rs.)	%
Raw Material				
Imported	450,978,193	76.14%	364,894,618	78.21%
Indigenous	141,324,903	23.86%	101,677,009	21.79%
Total	592,303,096	100.00%	466,571,627	100.00%

c) Detail of Product Sold

Item	Current Year (Rs.)	Previous Year (Rs.)
Condenser & Evaporator Coils	1,162,351,188	786,452,399
Others*	8,561,474	6,712,124
Total	1,170,912,662	793,164,523

d) Details of stock in trade sold

Item	Current Year (Rs.)	Previous Year (Rs.)
Opening Stock	-	-
Purchase	4,066,391	4,165,439
Sold	4,298,059	4,373,711
Closing stock	-	-

Note 35 Remittance in Foreign Currency

Dividend	Current Year (Rs.)	Previous Year (Rs.)
Nos of Non Resident Shareholders	NIL	3
Nos of Share held by Non Resident Shareholder	749500	749500
Year to which the dividend relates	NIL	2011-12

Note 36 Earnings in Foreign Currency

FOB value of Export of Goods	Current Year (Rs.)	Previous Year (Rs.)
	909,991,315	495,027,683

Note 37(A) Related Party Disclosures

Transactions with related parties	(1) SIGNIFICANT CONTROL	(2) KEY MANAGEMENT PERSONNEL	(3) ENTERPRISE OVER WHICH ANY PERSON EXERCISES SIGNIFICANT INFLUENCE	(4)	(5) Amounts (Rs.)
Leasing of premises	2,304,000	(2)	(3)	(4)	2,304,000
Leasing of premises (Previous Year)	-	-	(960,000)	-	(960,000)
Interest on Unsecured Loan	2,105,424	2,009,590	152,715	-	4,267,729
Interest on Unsecured Loan (Previous Year)	(1,800,005)	(1,257,865)	-	-	(3,057,870)
Unsecured Loan	3,000,002	6,000,000	1,500,000	-	10,500,002
Unsecured Loan (Previous Year)	(15,000,000)	(15,000,000)	-	-	(30,000,000)
Repayment of Unsecured Loan	-	1,500,000	-	-	1,500,000
Repayment of Unsecured Loan (Previous Year)	-	-	-	-	-
Remuneration*	20,107,612	18,252,526	-	-	38,360,137
Remuneration (Previous Year)	(10,981,888)	(10,081,986)	-	-	(21,063,874)
Dividend paid	-	-	-	-	-
Dividend paid(Previous Year)	(2,544,020)	(586,400)	(987,600)	-	(4,118,020)
Directors Sitting Fees	-	-	-	-	12,000
Directors Sitting Fees (Previous Year)	-	-	-	-	(6,000)
Outstanding balance as on 31.03.2014 (Debit)	-	-	-	-	-
Outstanding balance as on 31.03.2013 (Debit)	-	-	-	-	-
Outstanding balance as on 31.03.2014 (Credit)	13,102,669	11,602,363	-	-	24,705,031
Outstanding balance as on 31.03.2013 (Credit)	(24,600)	(25,000)	-	-	(49,600)

1. Figure in bracket are in respect of the previous year
2. * Remuneration includes Superannuation and Provident Fund

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Name of Related Parties & Description of Relationship is given as below

1. The Individual / Entity Exercising Control over the Company
2. Key Management Personnel
3. Enterprise over which any person described in (1) is able to exercise significant influence
4. Relative of Individual / Entity Exercising Control over the Company

Dr. Rajeshwar Kumar Malhotra
 Mr. S. Srinivasan
 Dr. R. K. Malhotra (HUF)
 Dr. Sandeep Malhotra
 Mrs. Shonali Suri

* Personal Guarantees against loan taken from bank are given by directors, Mr. Rajeshwar Kumar Malhotra and Mr. S. Srinivasan as disclosed in note 7 & 5

Transactions with parties which form more than 10% of aggregate value of transactions

Relationship/ Name of the related party	Description of the nature of transactions	For the Year Ended	For the Year Ended
		31st March, 2014	31st March, 2013
		(Rs.)	(Rs.)
Dr. R. K. Malhotra (H.U.F.), Exercise Significant	Leasing of premises	-	960,000
Dr. R. K. Malhotra, Significant Control	Interest on Unsecured Loan	2,304,000	-
Dr. R. K. Malhotra, Significant Control	Interest on Unsecured Loan	2,105,424	1,800,005
S. Srinivasan, Key Management Personnel	Repayment of Unsecured Loan	2,009,590	1,257,865
S. Srinivasan, Key Management Personnel	Dividend paid	1,500,000	-
Dr. R. K. Malhotra, Significant Control	Dividend paid	-	2,544,020
S. Srinivasan, Key Management Personnel	Remuneration	20,107,612	586,400
Dr. R. K. Malhotra, Significant Control	Remuneration	18,252,526	10,981,888
S. Srinivasan, Key Management Personnel	Remuneration	-	10,081,986

Note 38 A provision is recognized for expected warranty claims on products sold during the last three years, based on past experience of the level of returns. It is expected that significant portion of these cost will be incurred in the next financial year and all will have been incurred within three years after reporting date. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns based on the three year warranty period for products sold. The table below gives information about movement in warranty provisions.

Provision for warranty account details as required by AS - 29(refer note 6)

Description	Current Year	Previous Year
Opening balance	1201800	974265
Add: Addition during the year	1503866	982701
Less: Charged off to Statement of Profit & Loss	-	755,166
Closing balance	2705666	1201800

Note 39 The warranty expenses of Rs.15,03,866/- (Previous Year Rs. 9,82,701/-) are charged off to Statement of Profit & Loss included under the head Forwarding expenses.

Note 40 Previous year figures have been regrouped wherever necessary.

As per our report of even date

FOR S/P, PURI & CO.
 CHARTERED ACCOUNTANTS
 Firm Registration Number 001152N

Ravi Puri
 Partner
 Membership no : 084318

Place : New Delhi
 Dated : 30-July-2014



For and on behalf of the Board

Sandeep Tomar
 Sandeep Tomar
 Company Secretary

Karesh Khanna
 Karesh Khanna
 General Manager (F&A)

Dr. R.K. Malhotra
 Dr. R. K. Malhotra
 Chairman
 (DIN 00125292)

S. Srinivasan
 S. Srinivasan
 Managing Director
 (DIN 00125514)