

19<sup>th</sup> Annual Report  
2010-2011



ASME "U"  
NATIONAL BOARD "NB" / "R"  
STAMP AUTHORIZATION



ISO 9001 : 2008 COMPANY  
MEMBER OF  
HTRI-USA  
(Heat Transfer Research, INC.)



*PATELS AIRTEMP (INDIA) LIMITED*



**PATELS AIRTEMP (INDIA) LIMITED  
NINETEENTH ANNUAL REPORT 2010-2011**

**BOARD OF DIRECTORS** : Shri Narayanbhai G. Patel : Chairman & Managing Director  
Shri Devidas C. Narumalani : Whole Time Director  
Shri Narendra G. Patel : Whole Time Director  
Shri Prakash N. Patel : Whole Time Director  
Shri Sanjivkumar N. Patel : Whole Time Director  
Shri Hareshkumar I. Shah : Director  
Shri Natwarlal J. Patel : Director  
Shri Naimeshbhai B. Patel : Director  
Shri Girishbhai N. Desai : Director  
Shri Vinodkumar C. Desai : Director

**STATUTORY AUDITORS** : Parikh & Majmudar  
Chartered Accountants,  
Ahmedabad.

**BANKERS** : Bank of Baroda  
Navrangpura Branch  
Ahmedabad.

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

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

**WORKS** : Plot - 805, 806, 807, 810  
Rakanpur, Tal.: Kalol,  
Dist.: Gandhinagar (Gujarat)

**REGISTRARS & SHARE TRANSFER AGENTS** M/s. Bigshare Service Pvt. Ltd.  
E-2, Ansa Industrial Estate,  
Saki Vihar Road, Sakinaka,  
Andheri (E), Mumbai-400 072  
Tel. : (022) 28470652  
Fax : (022) 28475207



## **PATELS AIRTEMP (INDIA) LIMITED**

### **NOTICE**

**Notice** is hereby given that the Nineteenth Annual General Meeting of the Members of **PATELS AIRTEMP (INDIA) LIMITED** will be held on Friday the 30<sup>th</sup> September, 2011 at 10.00 a.m. at the Registered Office of the Company at 5<sup>th</sup> Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009 to transact the following business :

#### **ORDINARY BUSINESS**

1. To approve and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2011 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a director in place of Shri Hareshkumar I. Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Natwarlal J. Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Shri Girishbhai N. Desai, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. Parikh & Majumdar having Registration No. 107525W as Statutory Auditors of the company and to fix their remuneration.

#### **SPECIAL BUSINESS**

7. To consider and if, thought fit, to pass with or without modifications, the following resolution :

##### **As an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, 314, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of **Shri Sanjivkumar Patel** as Whole Time Director of the Company for a period of five years from 01.04.2011 to 31.03.2016 at a remuneration of ₹ 1,80,000/- p.m. and such other terms and conditions including remuneration as set out in the explanatory statement hereto annexed.”

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

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

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

8. To consider and if, thought fit, to pass with or without modifications, the following resolution :

**As a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, 314, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of **Shri Narayanbhai G. Patel** as Managing Director of the Company for a period of five years from 14.07.2011 to 13.07.2016 at a remuneration of ₹ 1,80,000/- p.m. and such other terms and conditions including remuneration as set out in the explanatory statement hereto annexed.”

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

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

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

**By Order of the Board of Directors**

Place : Rakanpur  
Date : 28<sup>th</sup> May, 2011

**NARAYANBHAI G. PATEL**  
**Chairman & Managing Director**

**NOTES :-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business items set out in the notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 23<sup>rd</sup> September, 2011 to Friday the 30<sup>th</sup> September, 2011 (both days inclusive).
4. Members are requested to :
  - (i) notify promptly the change in their registered address, if any, to the Registrar and Share Transfer Agent M/s. Bigshare Services Pvt. Ltd. quoting folio number, if the shares are held in physical form and to their Depository Participant, if the shares are held in demat form.



## PATELS AIRTEMP (INDIA) LIMITED

- (ii) notify promptly their E-mail address for speedier and faster means of communication with the company, by sending communication either to our Registrar and Share Transfer Agent M/s. Bigshare Services Pvt. Ltd. by quoting their Ledger Folio No., if the shares are held in physical mode and to their Depository Participants, if the shares are held in demat mode, quoting their DP ID and Client ID.
  - (iii) Bring their copy of the Annual Report and the attendance slips duly filled in with them, for attending the meeting. Demat holders are requested to bring their Client ID and DP ID No. for easier identification of attendance at the meeting.
  - (iv) Approach the Registrar & Share Transfer Agent for consolidation of folios, if physical shareholdings are under multiple folios.
  - (v) Address their questions/queries in writing to the Company, desirous of obtaining any information concerning the accounts and operation of the company, so as to reach at least seven days before the date of the meeting.
5. Those shareholders who have not encashed their dividend warrants for the financial year 2006-07, Interim and Final Dividend for the year 2007-08, Dividend for the year 2008-09 and dividend for the financial year 2009-10 are advised to submit their claim to the Registrar / Company immediately quoting their folio number. The Unpaid / Unclaimed Dividend for the year 2006-07, 2007-08, 2008-09 and 2009-10 (including Interim Dividend) will become due for transfer to Investor Education & Protection Fund Account in October / November, 2014 & then after. Once the unclaimed dividend is transferred to the fund, no claim shall lie against the fund or the Company in respect of the individual amounts which were unclaimed or unpaid.
  6. All documents referred to in the accompanying notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 a.m. to 3.00 p.m. up to the date of Annual General Meeting of the company.
  7. The Company's Shares have been activated for dematerialization both with National Securities Depository Ltd. and Central Depository Services (India) Ltd. Those shareholders who wish to hold shares in electronic form may approach their Depository Participants. The existing ISIN No. of the Equity Shares of the company is INE082C01024.
  8. Name And Address of the Registrar & Share Transfer Agent of the Company : **Bigshare Services Pvt. Ltd.**, Regd. Office: E-2, Ans Industrial Estate, Sakivihar, Saki Naka, Andheri(E), Mumbai – 400 072 Tele. No. (022) 40430200/ 28470652, Fax No. (022) 28475207, E-mail Address: [www.bigshareonline.com](http://www.bigshareonline.com)

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

#### **Item No. : 7 Ordinary Resolution :**

Shri Sanjivkumar Patel, aged 39 years, holding a Degree in B.E. Chemical and MBA. He has worked as a Business Consultant in the field of Management Information System and also worked as a Business Analyst. He has experience of working with ERP System and has more than fifteen years of experience in different areas and appointed as Whole Time Director of the Company from 01.04.2011 and in charge of overall managerial responsibility of the Company subject to supervision of the Board of Directors.

The Board of Directors at their meeting held on 28<sup>th</sup> May 2011 appointed Shri Sanjivkumar Patel as Whole Time Director of the Company for a period of five years on remuneration of ₹ 1,80,000/- p.m. as determined and approved by the Remuneration Committee of the Board of Directors and the Board recommended the remuneration as given below :

**PERIOD** : From 01.04.2011 to 31.03.2016

**REMUNERATION :**

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

Your directors therefore, recommend the resolution for the approval of the members.

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

Resolutions of the Board Meeting and Remuneration Committee Meeting stating the terms and conditions of appointment and remuneration of the above appointee shall be available for inspection at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 a.m. to 3.00 p.m. up to the date of the meeting.

None of the Directors except Shri Narayanbhai G. Patel and Shri Prakash Patel being the relatives of the appointee and Shri Sanjivkumar Patel, himself may be considered as interested in the passing of this resolution.



**Item No. : 8 Special Resolution :**

At the 14<sup>th</sup> Annual General Meeting of the Company held on 23<sup>rd</sup> September, 2006, where Shri Narayanbhai G. Patel, appointed as Managing Director for a period five years starting from 14<sup>th</sup> July, 2006. The present term, of office of Shri Narayanbhai G. Patel, expires on 13<sup>th</sup> July, 2011.

Shri Narayanbhai G. Patel, aged 71 years, holding a Mechanical Engineering degree with specialization in Air-conditioning and Refrigeration, Heat Transfer Equipments and has about 45 years of experience in this field. He is the Chairman of the Group and is instrumental in establishing the group activities particularly with respect to the design, development and marketing of the products. He is specialist in the design of Heat Exchangers as per the international codes like TEMA, ASME and BBS. He is Promoter Director since inception and was appointed as Managing Director of the Company from 14.7.1993 and in charge of overall managerial responsibility of the Company subject to supervision of the Board of Directors and also over all in-charge of the operations and finance of the group.

The Board of Directors at their meeting held on 28<sup>th</sup> May 2011 appointed Shri Narayanbhai G. Patel as a Managing Director of the Company on remuneration of ₹ 1,80,000/- p.m. as determined and approved by the Remuneration Committee of the Board of Directors and the Board recommended the remuneration as given below :

**I. PERIOD :** For a period of 5 years from 14.07.2011 to 13.07.2016.

**II. REMUNERATION**

- (A) Salary : ₹ 1,80,000/- per month including Dearness and other allowances.
- (B) Perquisites: Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956
- (i) Housing - Rent free furnished residential accommodation or House rent allowance as may be decided by the Board or Committee.
  - (ii) Reimbursement of expenses on gas, electricity, water and furnishings
  - (iii) Reimbursement of medical expenses incurred for self and members of his family.
  - (iv) Leave Travel Concession for self and members of his family as per the rules of the Company.
  - (v) Fees of clubs subject to a maximum of two clubs.
  - (vi) Personal Accident Insurance Premium as per the rules of the Company.
  - (vii) Provision of car and telephone at residence. The expenditures on use of car for private purpose and long distance calls on telephone shall be billed by the Company to the appointee
  - (viii) Company's contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave, as per the rules of the Company.
  - (ix) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company.
- (C) The Board shall have the authority to alter or vary the terms of appointments and remuneration including perquisites and benefits payable to the aforesaid Managerial Personnel within the overall limits specified under Section 198, 309 and Schedule XIII of the Companies Act, 1956.
- (D) In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) and Perquisites (B) above shall be the minimum remunerations payable to the appointee subject to the provisions of Section 198 of the Companies Act, 1956.
- (E) The appointee shall not so long as function as such, become interested or otherwise concerned directly or through his wife and/ or minor children in any selling agency of the Company without the prior approval of the Central Government.



- (F) The appointee shall subject to the supervision, direction and control of the Board of Directors of the Company be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him.
- (G) The appointment may be terminated by either party giving to the other party three months' notice or the Company paying the three months' remuneration in lieu thereof.

Your directors therefore, recommend the resolution for the approval of the members.

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

Resolutions of the Board Meeting and Remuneration Committee Meeting stating the terms and conditions of appointment and remuneration of the above appointee shall be available for inspection at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 a.m. to 3.00 p.m. up to the date of the meeting.

None of the Directors except Shri Sanjivkumar Patel and Shri Prakash Patel being the relatives of the appointee and Shri Narayanbhai G. Patel, himself may be considered as interested in the passing of this resolution.

**For PATELS AIRTEMP (INDIA) LTD.**

Place : Rakanpur  
Date : 28<sup>th</sup> May, 2011

**NARAYANBHAI G. PATEL**  
**Chairman & Managing Director**

**Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting**

(Pursuant to Clause 49 VII A of the Listing Agreement)

Name of Director	Date of Birth	Date of Appointment	Experience in specific functional areas	Qualifications	Directorship held in other Public Limited Companies	Member / Chairman of Committees in other Public Limited Companies
Shri Narayanbhai G Patel	21-04-1940	10-06-1992	Engineering Industry	B.E. (Mech) M.E. (Air & Refg.)	Nil	Nil
Shri Sanjivkumar Patel	11-09-1972	30-09-2009	Management, Engg. Industry	B.E. (Chem), MBA	Nil	Nil
Shri Hareshkumar I Shah	18-10-1946	29-10-2005	Businessman	B.E. (Mech)	Nil	Nil
Shri Natwarlal Patel	01-06-1951	30-03-2003	Professor of Economics	M.A. (Economics)	Nil	Nil
Shri Girish Desai	15-01-1948	30-10-2009	Engineering Industry	B.E. (Mech)	Nil	Nil



## PATELS AIRTEMP (INDIA) LIMITED

### DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report together with Audited Statement of Accounts of the Company for the financial year ended 31st March, 2011.

#### FINANCIAL RESULTS

(₹ in Lacs)

Particulars	2010-11	2009-10
Sales and Other Income (Including Excise Duties)	8475.60	7760.41
Profit before Interest and Finance Charges	1617.74	1548.10
Depreciation and Taxes & prior period Adjustment		
Less : Interest & Finance Charges	177.33	134.06
Depreciation	110.04	87.77
Profit before Taxation	1330.37	1326.27
Provision for Taxation - Current	417.71	415.20
- Deferred	24.27	34.66
- Wealth Tax	0.70	0.35
- Short / (Excess) Provision of earlier year W/O	(0.50)	7.59
- Short / (Excess) Provision of Wealth Tax	(0.15)	—
Profit after Tax	888.34	868.47
Less : Prior Period Adjustment	0.90	0.56
	887.44	867.91
Balance brought forward from previous year	2214.20	1554.94
Less : Corporate Dividend Tax	16.84	17.23
Less : Interim Dividend		
Less : Proposed Dividend	101.41	101.41
Less : Transfer to General Reserve	90.00	90.00
Surplus carried forward to Balance Sheet	2893.39	2214.21
Earning Per Share	17.50	17.12

#### DIVIDEND

Your Directors has recommended dividend @ 20% i.e. ₹ 2/- per Equity Share for the year 2010-11 subject to the approval of members in the General Meeting. The Corporate Dividend Tax works out to ₹ 16.84 lacs.

#### PERFORMANCE

Your company continued its performance during the year with consistent profitability. Net sales inclusive of Exports of the Company is ₹ 7802.29 lacs against ₹ 7223.20 lacs of the previous year. Profit Before Tax is ₹ 1330.37 lacs against ₹ 1326.27 lacs during the previous year. Net Profit of the Company is ₹ 887.44 lacs against ₹ 867.91 lacs during the previous year.

#### FUTURE PROSPECTS

Our shareholders are aware that company is engaged in the manufacturing/fabricating tailor made equipments as per requirements of the clients. In such kind of industries the position of client orders



plays important role in the future performance of the company. We are pleased to inform you that as on 28<sup>th</sup> May 2011, company has orders on hand worth about ₹ 68 Crores to be executed.

In pursuance of liberalization and globalization, good number of national as well as multi-national companies are established and there is wide scope for supply of capital goods including Shell and Tube Heat Exchanger, Pressure Vessels and Columns, Air-cooled Heat Exchangers and Refrigeration equipments manufactured by our company.

**DEPOSITS**

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

**DIRECTORS**

Shri Hareshkumar I Shah, Shri Natwarlal Patel and Shri Girish Desai, retire by rotation and being eligible offer themselves for the reappointment. Your Directors has approved in its Board meeting held on 28<sup>th</sup> May 2011, appointment of Shri Sanjivkumar Patel as Whole Time Director of the Company for a period of five years from 01.04.2011 to 31.03.2016 and appointment of Shri Narayanbhai G Patel as Managing Director for a period of five years from 14.07.2011 to 13.07.2016 on the terms and conditions as mentioned in Notice of the forthcoming Annual General Meeting.

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

**CORPORATE GOVERNANCE**

The report on Corporate Governance as per Clause 49 of the Listing Agreement is annexed herewith.

**LISTING OF SECURITIES:**

Your company's equity shares are listed on Bombay Stock Exchange Ltd. (BSE). The Company has paid Annual Listing Fees for the year 2011-12 to the Stock Exchange.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that in preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the Company for the year under review ;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities ;
- (iv) that the Directors have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2011 on a 'going concern' basis.

**AUDITORS**

M/s. Parikh & Majmudar, Chartered Accountants, Ahmedabad, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter to the effect that their appointment would be within the prescribed limits under Section 224(1-B) of the companies Act, 1956. The said auditors will be appointed as auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.



## **PATELS AIRTEMP (INDIA) LIMITED**

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

### **PERSONNEL**

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

### **CONSERVATION OF ENERGY**

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

### **RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**

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

### **APPRECIATION**

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

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

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

**For and on behalf of the Board of Directors,**

Place : Rakanpur  
Date : 28<sup>th</sup> May, 2011

**NARAYANBHAI G. PATEL**  
**Chairman & Managing Director**



**ANNEXURE TO THE DIRECTORS' REPORT**

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

**Form - B**

**Technology Absorption**

**(1) Research & Development (R & D)**

The Company has established a well equipped R & D laboratory and quality control laboratory with the number of sophisticated instruments for testing and analysis related to the product being manufactured. To upgrade the technology and technical qualifications, your Company has renewed ASME 'U' Stamp authorization and obtained 'R' Stamp of National Board of USA for improving the system and quality. Your Company has certified for ISO 9001-2008. Various technical softwares like PVElite, Auto Desk Inventor, Microprotol etc were updated for design & development of various products.

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

The company has invested about ₹ 274 Lacs for Plant & Machineries to upgrade HI-tech equipments. The Company has also renewed HTRI & EHT Membership for latest technology in Heat Transfer from U.S.A. For Air cooled Heat Exchangers, another finning machine is added for fast delivery period. In-house, systems and operations are being innovated for better quality and to perform up to customers' requirement.

**For and on behalf of the Board of Directors,**

Place : Rakanpur  
Date : 28<sup>th</sup> May, 2011

**NARAYANBHAI G. PATEL**  
**Chairman & Managing Director**



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

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

**1. CORPORATE GOVERNANCE PHILOSOPHY**

The Company is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. The Company in pursuance of Code of Corporate Governance strongly believes that it must organize its affairs to the optimum satisfaction of its members and also ensure that the interest of lenders, suppliers, customers and employees are well taken care of. Our governance practices are product of self-desire, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process.

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

**2. BOARD OF DIRECTORS**

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

The names and category of Directors on the Board as on 31<sup>st</sup> March, 2011 and as on the date of this report, the number of Directorship and Committee Membership held by them in other Public Companies, their attendance at the Board Meetings held during the financial year 2010-2011 and also at the last AGM held is given below :

	Name of Directors	Attendance Particulars		Nos. of Directorship and Committee Membership / Chairmanship held in other Public Companies		
		Board Meeting	Last Annual General Meeting	Other Directorship	Committee Membership	Committee Chairman
	<b>Promoter Executive Directors</b>					
1.	Shri Narayanbhai G. Patel -MD	5	Present	NIL	NIL	NIL
2.	Shri Devidas C. Narumalani #	5	Present	NIL	NIL	NIL
	<b>Executive Directors</b>					
3.	Shri Narendra G. Patel #	5	Present	NIL	NIL	NIL
4.	Shri Prakash N. Patel #	5	Present	NIL	NIL	NIL
5.	Sanjivkumar Patel #	4	Absent	NIL	NIL	NIL
	<b>Non Executive / Independent Directors</b>					
6.	Shri Natwarlal J. Patel	5	Absent	NIL	NIL	NIL
7.	Shri Girish Desai	5	Absent	NIL	NIL	NIL
8.	Shri H.I. Shah	4	Absent	NIL	NIL	NIL
9.	Shri Naimish Patel	3	Absent	NIL	NIL	NIL
10.	Vinod Desai 1	Absent				
	MD - Managing Director	# WTD - Whole Time Director				

During the financial year 2010-2011, five (5) Board Meetings were held Viz. on 3rd April 2010, 22nd May 2010, 31st July 2010, 23rd October 2010, and 5th February 2011.



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

**3. AUDIT COMMITTEE**

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

**4. REMUNERATION COMMITTEE**

The Board of the Company has constituted Remuneration Committee as per Clause 49 of the Listing Agreement on 30<sup>th</sup> March, 2003 which currently comprises of two independent and non – executive Directors Viz. Shri Natwarlal J. Patel, as the Chairman of the Committee, and Shri H. I. Shah and one executive Director Shri Narayanbhai G. Patel as a member of the Committee. The Remuneration Committee has been constituted to recommend / review the remuneration package of the Managing and Whole Time Directors based on performance and detailed criteria and also empowered to decide on Employees’ Stock Option Scheme. No sitting fees, remuneration or stock options has been offered to the Non- executive Directors.

DETAILS OF REMUNERATION PAID TO MANAGING DIRECTORS / WHOLE TIME DIRECTORS DURING THE FINANCIAL YEAR 2010-2011 IS GIVEN BELOW:

(in Rupees)

NAME OF DIRECTOR	REMUNERATION	SITTING FEES	TOTAL
Shri Narayanbhai G. Patel	24,19,200/-	NIL	24,19,200/-
Shri D.C. Narumalani	24,19,200/-	NIL	24,19,200/-
Shri Narendra G. Patel	24,19,200/-	NIL	24,19,200/-
Shri Prakash N. Patel	24,19,200/-	NIL	24,19,200/-
Shri Sanjivkumar Patel	24,19,200/-	NIL	24,19,200/-

**5. INVESTORS’ GRIEVANCE COMMITTEE**

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

The Committee comprises of three independent Directors; Shri Natwarlal J. Patel (Chairman), Shri Hareshkumar I Shah and Shri Narayanbhai G. Patel, as members. Mr. Rajesh Limbachia,



## PATELS AIRTEMP (INDIA) LIMITED

Company Secretary acts as compliance Officer for the Committee. The Committee meets regularly at reasonable interval to approve transfer and also to consider shareholders complaints.

During the year no complaints were received from the shareholder directly. All the complaints have generally been solved to the satisfaction of complainants and no complaints are outstanding as on date of this report.

All valid transfer received during the financial year 2010-2011 have been acted upon by the Company and there is no pending share transfers.

### 6. GENERAL BODY MEETINGS

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

Financial Year	Date and Time	Venue	Special Resolution
2007-08 16 <sup>th</sup> AGM	27 <sup>th</sup> September, 2008 at 10.00 A.M.	5 <sup>th</sup> Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad-380 009.	Yes
2008-09 17 <sup>th</sup> AGM	19 <sup>th</sup> September, 2009 at 10.00 A.M.	5 <sup>th</sup> Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad-380 009.	No
2009-10 18 <sup>th</sup> AGM	28 <sup>th</sup> August, 2010 at 10.00 A.M.	5 <sup>th</sup> Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad-380 009.	No

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

### 7. DISCLOSURES

- There are no material transactions with its promoters, directors or the management, their subsidiaries or relatives, except as given in Notes on Accounts, which may have potential, conflict with the interest of the Company at large.
- No penalties have been imposed on the Company by the Stock Exchange/s or SEBI or any statutory authority, on the matter related to capital market during the last three years.

### 8. MEANS OF COMMUNICATION

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

### 9. GENERAL SHAREHOLDERS INFORMATION

#### a) Annual General Meeting :

**Date** : Friday, 30<sup>th</sup> September, 2011

**Time** : 10.00 a. m.

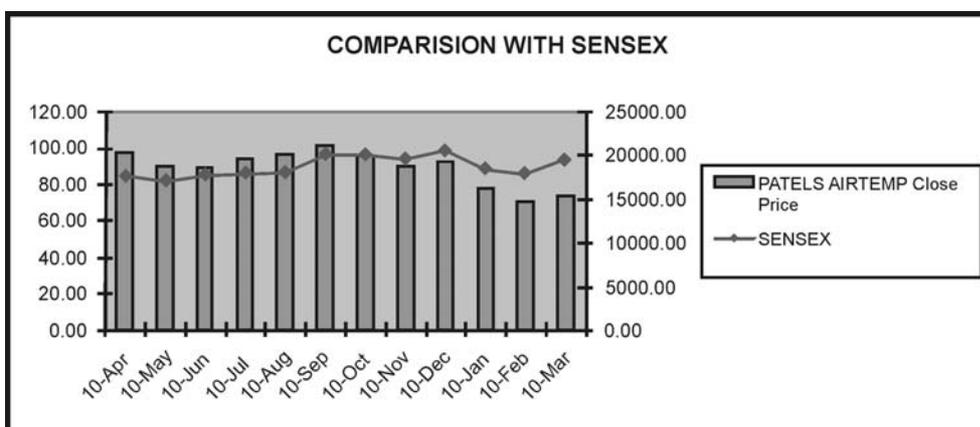
**Venue** : Registered Office : 5<sup>th</sup> Floor, Kalpana Complex,  
Nr. Memnagar Fire Station, Navrangpura,  
Ahmedabad – 380 009.

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- b) **Financial Calendar** : The Company follows April – March as its financial year. The results for every quarter beginning from April is declared in the month following the quarter, however, the result for the fourth quarter are clubbed with the declaration of audited accounts within 60 days of the year, whenever possible.
- c) **Book Closure Date(s)** : Friday, 23<sup>rd</sup> September, 2011 to Friday, 30<sup>th</sup> September, 2011 (both days inclusive). Entitlement for payment of dividend for the year 2010-11 would be on the close of the day of 22<sup>nd</sup> September 2011, for both physical and demat shareholders.
- d) **Listing on Stock Exchange** : The equity shares of the company are listed on the Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.  
The Company has paid the listing fees for the year 2011-12 to the Bombay Stock Exchange Ltd., Mumbai.
- e) **Stock Code / Name** : BSE 517417 Script Name : PATEL AIRTEM  
**ISIN No.** : The ISIN No. of the company is INE082C01024.
- f) **Stock Market Price / Data** : The details of monthly high / low price of the Company's Shares traded on the Mumbai Stock Exchange during the financial year 2010-11 is furnished below :

Month	High Price (Rupees)	Low Price (Rupees)
Apr-10	106.30	86.40
May-10	129.85	79.50
Jun-10	94.80	83.15
Jul-10	103.30	88.75
Aug-10	105.00	88.00
Sep-10	106.80	96.10
Oct-10	109.00	94.00
Nov-10	112.00	85.00
Dec-10	104.00	68.25
Jan-11	93.95	72.00
Feb-11	83.20	65.10
Mar-11	77.95	62.00





**PATELS AIRTEMP (INDIA) LIMITED**

**g) Registrar & Share Transfer Agents :** In terms of SEBI Circulars dated 27.12.2002 & dated 12.02.2003 on appointment of common agency for share registry works, the Company has appointed the below mentioned agency as Registrar & Share Transfer Agent, for both physical and demat segment of equity shares of the company, which provides all shareholders related services : **Bigshare Services Pvt. Ltd.**, Regd. Office : E-2, Ans Industrial Estate, Sakivihar, Saki Naka, Andheri(E), Mumbai – 400 072 Tele. No. (022) 40430200/28470652, Fax No. (022) 28475207, E-mail Address: [www.bigshareonline.com](http://www.bigshareonline.com)

**h) Share Transfer System :** The transfer of shares in physical form is processed and completed by **M/s. Bigshare Services Pvt. Ltd.** within a period of 30 days from the date of receipt thereof. In case of shares in electronic form, the transfer are processed by NSDL/CDSL through the respective Depository Participants. Demat requests are normally confirmed within an average period of 25 days from the date of receipt.

(a) Distribution of Shareholding as on 31<sup>st</sup> March, 2011.

Unit : Patel Airtemp (India) Limited  
(NSDL-CDSL-Physical) Distribution Share Holding (In as on 31-3-2011)

Shareholding of Nominal Share	Number of Shareholders	% of Total	Share	% of Total
1 500	7333	88.906	929158	18.326
501 1000	493	5.977	402767	7.944
1001 2000	193	2.340	293330	5.785
2001 3000	78	0.946	201904	3.982
3001 4000	48	0.582	176243	3.476
4001 5000	30	0.364	139450	2.750
5001 10000	33	0.400	238730	4.708
10001 100000	35	0.424	939868	18.537
100001 999999999	5	0.061	1748790	34.491
<b>Total</b>	<b>8248</b>	<b>100.0000</b>	<b>5070240</b>	<b>100.0000</b>

(b) Category of Equity Shareholders as on 31<sup>st</sup> March, 2011.

**Category of equity shareholders as on 31st March 2011.**

Sr. No.	Category	No. of Shares	% to Share Capital
<b>A.</b>	<b>PROMOTERS SHAREHOLDING</b>		
1	Promoters, Promoters Group, Directors & Their Relatives	1926871	38.00
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>		
2	Mutual Funds / UTI	0	
3	Banks / Financial Institutions	0	
4	Foreign Institutional Investors	24387	0.48
5	Bodies Corporate	228750	4.51
6	NRIs	134940	2.66
7	Claring Members	13904	0.27
8	Trust	1000	0.02
9	Indian Public	2740388	54.05
	<b>TOTAL</b>	<b>5070240</b>	<b>100.00</b>



- i) **Dematerialisation of Shares** : The Company's shares are under demat mode. The ISIN No. of the Company is INE082C01024. Members who are desirous of holding their shares in demat form are requested to apply to their Depository Participants in prescribed demat requisition form along with original share certificate. About 96.41% of the total equity capital of the Company is held in demat form as on 31<sup>st</sup> March, 2011.
- j) **Plant Location(s)**: The Company's plants are located at:  
**Plant :**  
Plot 805,806,807& 810 Rakanpur, Tal. : Kalol, Dist. Gandhinagar, Gujarat.  
**Project Division :**  
5<sup>th</sup> Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad-380 009.  
**Mumbai Office :**  
310, Oberoi Chambers-II, New Link Road, Oshiwara, Andheri (W), Mumbai - 400 053.
- k) **Address for Correspondence** : For both physical & Electronic form :  
M/S. Bigshare Services Pvt. Limited  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400 072  
Tel: 022-28470652 Fax No: 022-2875207  
Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)
- l) For any assistance regarding dematerialization of shares, share transfers, change of address, non-receipt of dividend or any other query, relating to shares:  
**Patels Airtemp (India) Ltd.**  
Regd. Office : 5<sup>th</sup> Floor, Kalpana Complex,  
Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009.  
Ph. No. : (079) 27913694/5/6, Fax No. (079) 27913693
- m) As required by Clause 49 of the Listing Agreement with the stock exchange the Auditors' Certificate on Corporate Governance is given as Annexure to this report.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

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

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

### **PRODUCT – WISE PERFORMANCE**

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

### **FUTURE OUTLOOK**

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

### **OPPORTUNITIES**

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

### **RISK FACTORS**

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

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



dumping duties and other restrictions will give much needed relief to the domestic industry.

## **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE AND ITS REVIEW**

Your company could achieve better results inspite of global economic environment continues to remain uncertain.

Your company is conscious that order booking is significant for determining the growth rate of the company. Your Directors are pleased to note that the company has about ₹ 68 crores of order on hand to be executed. Your Directors are confident of achieving 15% increase in the turnover of the company in the financial year 2011-12 as compared to financial year under review. Your company has achieved better performance during the year under review and the financial results reflect the same.

## **QUALITY CONTROL**

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

## **INTERNAL CONTROL SYSTEM**

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

## **INDUSTRIAL RELATION & HUMAN RESOURCES**

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

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

The Company's relations with the employees at all levels are very cordial and peaceful. The company has about 250 employees working with them as on 31<sup>st</sup> March, 2011 on permanent as well as contractual basis.

## **CAUTIONARY STATEMENT**

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



## **PATELS AIRTEMP (INDIA) LIMITED**

### **Corporate Governance Compliance Certificate**

To  
The Members  
Patels Airtemp (India) Limited

In accordance with Clause 49 of the Listing Agreement entered into by Patels Airtemp (I) Limited with the Bombay Stock Exchange Limited, Mumbai, We have examined all relevant records of the Company relating to its compliance of condition of Corporate Governance as stipulated in clause 49 for the financial year ended 31.03.2011.

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

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

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

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

**FOR PARIKH & MAJMUDAR**  
CHARTERED ACCOUNTANTS

Place : Ahmedabad  
Date : 28<sup>th</sup> May, 2011

**Hiten M. Parikh**  
Partner  
M. No. 40230  
FRM No. : 107525W

**AUDITORS' REPORT**

To  
The Members  
**M/s PATELS AIRTEMP (INDIA) LIMITED**  
AHMEDABAD

- 1) We have audited the attached Balance Sheet of **M/s PATELS AIRTEMP (INDIA) LIMITED** as at 31st March 2011 and also the Profit and Loss A/c and the Cash-flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts & disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the companies Act 1956, we annex here to a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable.
- 4) Further to our comments in the Annexure referred to in paragraph-3 above, we report as under: -
  - (a) We have 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 the books.
  - (c) The Balance Sheet and the Profit and Loss Account & Cash flow statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account & Cash Flow Statement comply with Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on March, 31 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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. :-
    - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2011 and
    - ii) In the case of the profit and loss account, of the profit of the company for the year ended on that date and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD  
DATE : 28/05/2011**

**(HITEN PARIKH)  
PARTNER  
M. No. : 40230  
FRN No. 107525W**



**Referred to in Paragraph 3 of our report of even date**

- i) a) The company has generally maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- b) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company & nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
- c) According to the information and explanation given to us, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected
- ii) a) As explained to us, inventories were physically verified by the management at reasonable intervals during the year.
- b) In our opinion & according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable & adequate in relation to the size of the company & nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the Physical stocks and the book records were not material.
- iii) In respect of loans secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - a) According to the information and explanation given to us, the company has not granted any loan, secured or unsecured, to any company or firm or other party covered in the register maintained under section 301 of the Companies Act, 1956.
  - b) The company has taken Unsecured Loan from one party covered under register maintained u/s 301 of the Companies Act, 1956 during the year. [closing balance ₹ 454.00 lacs] [Maximum balance during the year ₹ 454.00 lacs]
  - c) In our opinion and according to the information and explanation given to us, the rate of interest & other terms and conditions of the unsecured loan taken by the company from the parties covered under the register maintained under section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the company.
  - d) The Loan taken by the Company is repayable on demand and therefore the question of any over due amount does not arise.
- iv) In our opinion & according to the information & explanations given to us, there is adequate internal control system commensurate with the size of the company & nature of its business for the purchase of inventory, fixed assets & also for the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in Internal control system.
- v) In our opinion & according to the informations & explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered in the register required to be maintain u/s 301 of the Companies Act, 1956.
- vi) The Company has not accepted any deposit from the public during the year.
- vii) The Company has appointed a firm of Chartered Accountants for Internal Audit. In our opinion, the internal audit is commensurate with its size & nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- ix) a) According to the records of the company, undisputed statutory dues including provident fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty,



Excise Duty, Cess & Other Statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information & explanation given to us, no un-disputed amounts were outstanding as at 31<sup>st</sup> March 2011 for a period of more than six months from the date of becoming payable.

- b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed Income Tax dues aggregating to ₹ 81.77 lacs (net of payments) that have not been deposited as on 31<sup>st</sup> March, 2011 on account of matters pending before appropriate authorities, the details of which are as under.

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Department	Income Tax	3662035/-	F. Y. 2006-07	Assistant Commissioner of Income Tax, Mehsana Circle, Mehsana
Income Tax Department	Income Tax	4514929/-	F. Y. 2007-08	Commissioner of Income Tax (Appeals)-XI, Ahmedabad

- x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi) According to information & explanations given to us, the company has not defaulted in repayment of dues to Banks.
- xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debenture and other securities.
- xiii) According to the information & explanations given to us, the company is not a chit fund or a nidhi /mutual benefit fund/society.
- xiv) According to the information & explanations given to us, the company is not dealing or trading in shares, securities, debentures & other investments.
- xv) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the Information & explanations given to us the company has not obtained and /or applied any term loans during the year.
- xvii) On the basis of information and explanations given to us and on the basis of over all examination of the Balance Sheet and the Cash flow Statement of the Company, we report that no funds raised on short term basis have been used during the year for long term investments.
- xviii) The Company has not made any Preferential allotment of shares during the year under review.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information & explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS**

**HITEN PARIKH  
PARTNER  
M. No. : 40230  
FRN No. 107525W**

**PLACE: - AHMEDABAD  
DATE: - 28/05/2011**

**PATELS AIRTEMP (INDIA) LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2011**

		As at 31.03.2011 (Rupees)	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)	As at 31.03.2010 (Rupees)
<b>(A) SOURCES OF FUNDS</b>					
1.	<b>Shareholder's Funds</b>				
a)	Share Capital	1	50,702,400	50,702,400	
b)	Reserves and Surplus	2	327,339,784	378,042,184	250,420,813
					301,123,213
2.	<b>Loan Funds</b>				
a)	Secured Loans	3	108,750,901	81,349,137	
b)	Unsecured Loans	4	45,400,000	154,150,901	23,400,000
3.	Deferred Tax Liability (Refer note 5 of Sch 20)		20,425,778		17,998,910
	<b>CAPITAL EMPLOYED</b>		<b>552,618,862</b>		<b>423,871,260</b>
<b>(B) APPLICATION OF FUNDS</b>					
1.	Fixed Assets	5			
a)	Gross Block		258,581,720	208,443,680	
b)	Less : Depreciation		83,737,175	73,385,323	
c)	Net Block		174,844,544	135,058,356	
d)	Capital Work in Progress		2,197	174,846,741	10,010,600
2.	Investments	6		280,000	280,000
3.	Current Assets, Loans & Advances				
a)	Inventories	7	138,349,854	50,172,627	
b)	Sundry Debtors	8	357,609,043	273,702,102	
c)	Cash & Bank Balances	9	44,704,630	37,839,567	
d)	Other Current Assets	10	1,494,332	2,926,518	
e)	Loans & Advances	11	24,452,724	21,718,340	
			566,610,583	386,359,154	
	Less:Current Liabilities & Provisions	12			
a)	Current Liabilities		175,022,033	93,054,146	
b)	Provisions		14,096,430	14,782,705	
	<b>Net Current Assets</b>		<b>377,492,121</b>	<b>107,836,851</b>	<b>278,522,303</b>
	<b>EMPLOYMENT OF CAPITAL</b>		<b>552,618,862</b>		<b>423,871,260</b>

Notes forming part of Accounts : 20  
As per our report of even date attached

FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS

FOR PATELS AIRTEMP (I) LTD.  
**NARAYANBHAI G. PATEL**  
CHAIRMAN & MANAGING DIRECTOR

PARTNER  
DIRECTOR  
**(Hiten Parikh)**  
M.No. : 40230  
FRNNO : 107525W

**RAJESH B. LIMBACHIA**  
COMPANY SECRETARY

**NARENDRABHAI G. PATEL**  
DIRECTOR

DATE : 28/05/2011  
PLACE : AHMEDABAD

DATE : 28/05/2011  
PLACE : RAKANPUR

# 19TH ANNUAL REPORT 2010-2011



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	SCH.	Year ended 31-03-2011 (Rupees)	Year ended 31-03-2010 (Rupees)
<b>1. INCOME</b>			
a) Gross Income from Operations	13	<b>842,043,337</b>	770,922,858
Less : Excise Duty		<b>66,171,047</b>	51,971,680
Net Sales		<b>775,872,290</b>	718,951,178
b) Increase/(Decrease) in stock	14	<b>47,734,223</b>	566,896
c) Other Income	15	<b>5,504,633</b>	5,117,873
d) Profit on sale of fixed assets		<b>12,329</b>	0
<b>TOTAL :-</b>		<b>829,123,475</b>	<b>724,635,947</b>
<b>2. EXPENDITURE</b>			
a) Materials consumed	16	<b>464,166,037</b>	392,028,113
b) Manufacturing Expenses	17	<b>155,911,232</b>	129,564,286
c) Selling and Administration Expenses	18	<b>34,976,618</b>	33,029,291
d) Interest & Financial charges	19	<b>17,732,834</b>	13,406,234
e) Director's Remuneration		<b>12,096,000</b>	7,560,000
f) Amount Written Off (net)		<b>199,456</b>	7,643,987
<b>TOTAL :-</b>		<b>685,082,177</b>	<b>583,231,911</b>
3. Net Profit Before Depreciation & Taxation		<b>144,041,298</b>	141,404,036
4. Depreciation		<b>11,003,990</b>	8,776,645
5. Profit Before Taxation		<b>133,037,308</b>	132,627,391
6. Provision for Taxation - Current tax		<b>41,771,315</b>	41,520,000
- Deferred Tax		<b>2,426,868</b>	3,465,998
- Wealth Tax		<b>70,000</b>	35,200
Short /(Excess) Provision of earlier year W/O		<b>(49,955)</b>	759,143
Short /(Excess) Provision of Wealth tax		<b>(15,038)</b>	-
7. Profit After Tax		<b>88,834,118</b>	86,847,050
8. Less :Prior period Adjustments (net) (Refer note no. 17 of Sch. 20.)		<b>90,462</b>	56,198
9. Profit for the year		<b>88,743,656</b>	86,790,852
10. Balance brought forward from Previous Year		<b>221,420,814</b>	155,493,817
		<b>310,164,470</b>	242,284,669
11. Less : Appropriations			
Corporate Dividend Tax		<b>1,684,207</b>	1,723,375
Proposed Dividend		<b>10,140,480</b>	10,140,480
Transfer to General Reserve		<b>9,000,000</b>	9,000,000
Balance Carried to Balance Sheet		<b>289,339,784</b>	221,420,814
Basic and Diluted EPS (Price Per Share ₹ 10) ( Refer Note No 6 of Scheudle 20)		<b>17.50</b>	<b>17.12</b>
Notes forming part of Accounts 20 As per our report of even date attached			

FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS

PARTNER  
DIRECTOR  
(Hiten Parikh)  
M.No. : 40230  
FRNNO : 107525W

DATE : 28/05/2011  
PLACE : AHMEDABAD

**RAJESH B. LIMBACHIA**  
COMPANY SECRETARY

FOR PATELS AIRTEMP (I) LTD.  
**NARAYANBHAI G. PATEL**  
CHAIRMAN & MANAGING DIRECTOR

**NARENDRABHAI G. PATEL**  
DIRECTOR

DATE : 28/05/2011  
PLACE : RAKANPUR



**PATELS AIRTEMP (INDIA) LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31-3-2011 (Rupees)	As at 31-3-2010 (Rupees)
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised Capital:</b>		
70,00,000 (P. Y. 70,00,000) Equity Shares of ₹ 10/- each	70,000,000	70,000,000
<b>Issued, Subscribed &amp; Paid Up</b>		
50,70,240 (P. Y. 50,70,240) Equity Shares of ₹ 10/- each fully paid up	50,702,400	50,702,400
<b>TOTAL :-</b>	<b>50,702,400</b>	<b>50,702,400</b>
NOTE : Paid-Up Capital includes 113709 (P.Y.11,3709) Equity shares of ₹ 10/- each fully paid-up issued for consideration other than cash upon scheme of amalgamation to the shareholders of erstwhile companies M/s. Patels Airtemp Pvt. Ltd. and M/s. Gujarat Patcon Pvt. Ltd.		
<b>SCHEDULE - 2 : RESERVE &amp; SURPLUS</b>		
General Reserve		
Opening Balance	27,500,000	18500000
Add : Transfer from Profit & Loss Account	9,000,000	9,000,000
	<b>36,500,000</b>	27,500,000
Surplus in Profit and Loss A/c	289,339,784	221,420,813
Capital Investment Subsidy	1,500,000	1,500,000
<b>TOTAL :-</b>	<b>327,339,784</b>	<b>250,420,813</b>
<b>SCHEDULE - 3 : SECURED LOANS</b>		
I) <b>From Financial Institutions/Banks</b>		
a) Working capital facilities from Bank of Baroda (BOB)	108,430,308	80,499,664
II) <b>From Others</b>		
320,593	320,593	849,473
Vehicles acquired under hire purchase scheme are secured against vehicles purchased under the agreement [Refer Note No.7 of schedule 20]		
<b>TOTAL :-</b>	<b>108,750,901</b>	<b>81,349,137</b>
<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
Inter Corporate Deposits	45,400,000	23,400,000
[Includes dues to Company in which directors of the Company are Interested]		
<b>TOTAL :-</b>	<b>45,400,000</b>	<b>23,400,000</b>

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK		
	Op. Bal. as at 01-04-2010 (₹)	Additions during the year (₹)	Deductions during the year (₹)	Total as on 31-03-2011 (₹)	Balance as at 01-04-2010 (₹)	For the Year (₹)	Deductions during the year (₹)	Total as on 31-03-2011 (₹)	As on 31-03-2011 (₹)	As on 31-03-2010 (₹)
Goodwill	37,040	-	-	37,040	-	-	-	-	37,040	37,040
Land	2,642,034	-	-	2,642,034	-	-	-	-	2,642,034	2,642,034
Road	-	2,177,865	-	2,177,865	-	-	-	-	2,177,865	-
Buildings (including Office Building)	39,626,170	12,922,411	-	52,548,581	13,796,881	1,328,010	-	15,124,891	37,423,690	25,829,289
Plant & Machinery	137,336,567	25,649,204	-	162,985,771	47,175,201	6,948,722	-	54,123,923	108,861,848	90,161,366
Electrical Installation	4,859,616	1,718,105	196,350	6,381,371	2,556,241	281,674	145,265	2,692,650	3,688,721	2,303,375
Furniture, Fixtures & Office Equip.	12,624,777	2,812,081	-	15,436,858	6,971,049	886,625	-	7,857,674	7,579,184	5,653,728
Vehicles	9,759,959	5,402,980	798,457	14,364,482	2,643,492	1,208,300	506,871	3,344,921	11,019,561	7,116,467
Software	1,557,516	450,202	-	2,007,718	242,458	350,658	-	593,116	1,414,602	1,315,058
<b>TOTAL :-</b>	<b>208,443,680</b>	<b>51,132,848</b>	<b>994,807</b>	<b>258,581,720</b>	<b>73,385,321</b>	<b>11,003,990</b>	<b>652,136</b>	<b>83,737,175</b>	<b>174,844,544</b>	<b>135,058,357</b>
<b>P. Y</b>	<b>148,784,920</b>	<b>59,658,760</b>	<b>-</b>	<b>208,443,680</b>	<b>64,602,677</b>	<b>8,776,645</b>	<b>-</b>	<b>73,379,322</b>	<b>135,058,357</b>	<b>84,176,243</b>



**PATELS AIRTEMP (INDIA) LIMITED**

	<b>As at 31-3-2011 (Rupees)</b>	<b>As at 31-3-2010 (Rupees)</b>	
<b>SCHEDULE :- 6 INVESTMENTS (AT COST)</b>			
	Face Value (Rupees)	As at 31-03-2011 (Rupees)	As at 31-03-2010 (Rupees)
<b>QUOTED</b>			
(I) 14,000 Equity Shares of M/s. Gujarat State Financial Corporation of ₹ 10/- each (Market Value-Not Available, P.Y Not Available)	140,000	280,000	280,000
<b>TOTAL :-</b>	<b>140,000</b>	<b>280,000</b>	<b>280,000</b>
<b>NOTE :-</b> Since Quoted Investments are considered as long term investments, any diminution in value of any share is considered to be of a temporary nature & is therefore not provided for.			
<b>SCHEDULE - 7 : INVENTORIES</b> (As taken, valued and certified by a Director)			
a) Raw materials [Including Goods In Transit of ₹ 2132499/- (P. Y. ₹ 678890/-)]	<b>72,098,327</b>	31,655,323	
b) Work in progress	<b>65,115,067</b>	18,369,940	
c) Finished Goods	<b>1,136,460</b>	147,364	
<b>TOTAL :-</b>	<b>138,349,854</b>	<b>50,172,627</b>	
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b> (Unsecured, Considered goods)			
Debts due for a period exceeding Six months	<b>71,415,908</b>	68,431,987	
Other Debts	<b>286,193,135</b>	205,270,115	
<b>TOTAL :-</b>	<b>357,609,043</b>	<b>273,702,102</b>	
<b>SCHEDULE - 9 : CASH AND BANK BALANCES</b>			
a) Cash on hand	<b>642,317</b>	486,448	
b) Balance with Scheduled Banks			
- In Current Account	<b>24,607,093</b>	20,426,889	
- In Margin Money Account	<b>18,426,754</b>	16,056,700	
- In Dividend Account	<b>1,028,466</b>	869,530	
<b>TOTAL :-</b>	<b>44,704,630</b>	<b>37,839,567</b>	
<b>SCHEDULE - 10 : OTHER CURRENT ASSETS</b> (Unsecured, Considered goods)			
Interest Receivable	<b>1,494,332</b>	2,926,518	
<b>TOTAL :-</b>	<b>1,494,332</b>	<b>2,926,518</b>	



	As at 31-3-2011 (Rupees)	As at 31-3-2010 (Rupees)
<b>SCHEDULE - 11 : LOANS &amp; ADVANCES</b>		
(Unsecured, Considered goods)		
Advances recoverable in cash or in kind or for value to be received	16,757,012	10,901,714
Deposits	2,737,295	3,128,309
Advance for Capital Exp.	2,677,353	3,593,600
Advances to suppliers	2,281,064	4,094,717
<b>TOTAL :-</b>	<b>24,452,724</b>	<b>21,718,340</b>
<b>SCHEDULE - 12 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>I) Current liabilities</b>		
Creditors for Goods		
a) Micro, Small & Medium Enterprise (Refer Note no 14 of Sch. 20)	11,784,437	10,964,385
b) Others	124,306,922	31,478,447
Creditors for expenses		
a) Micro, Small & Medium Enterprise (Refer Note No 14 of Sch 20)	905,893	1,588,344
b) Others	22,005,477	13,838,239
- Creditors for Others	1,152,995	1,152,995
- Creditors for Capital Expenditure	578,302	247,176
- Statutory Liabilities	6,393,136	5,898,884
- Advances from customers	6,866,404	26,977,645
- Share Application Money (Refundable)	-	38,500
- Unclaimed Dividend (*)	1,028,466	869,530
(*) (There is no amount required to be transferred to Investor Education & Protection Fund)		
Sub-Total (I)	175,022,033	93,054,146
<b>II) PROVISIONS</b>		
For Taxation (Net of Advance Tax Paid & TDS )	976,000	1,923,611
For Proposed Dividend	10,140,480	10,140,480
For Corporate Dividend Tax	1,684,207	1,723,375
For Leave Encashment	1,225,743	960,039
For Wealth Tax	70,000	35,200
Sub-Total (II)	14,096,430	14,782,705
<b>TOTAL (I+II)</b>	<b>189,118,462</b>	<b>107,836,851</b>



**PATELS AIRTEMP (INDIA) LIMITED**

	<b>YEAR ENDED 31-3-2011 (RUPEES)</b>	<b>YEAR ENDED 31-3-2010 (RUPEES)</b>
<b>SCHEDULE - 13 : GROSS INCOME FROM OPERATIONS</b>		
<b>SALES</b>		
- Domestic	<b>822,551,340</b>	702,884,018
- Export	<b>4,031,560</b>	38,724,793
Sub Total (a)	<b>826,582,900</b>	741,608,811
<b>PROCESSING CHARGES</b>		
- Domestic	<b>7433893</b>	16371136
- Export	-	122165
[TDS ₹ 109590/- (P.Y. ₹ 624498/-)]		
Sub Total (b)	<b>7,433,893</b>	16,493,301
<b>TRANSPORTATION CHARGES</b>		
- Domestic	<b>8026544</b>	12820746
- Export	-	-
Sub Total (b)	<b>8,026,544</b>	12,820,746
<b>TOTAL : (a+b)</b>	<b>842,043,337</b>	<b>770,922,858</b>
<b>SCHEDULE - 14 : INCREASE / (DECREASE) IN STOCK</b>		
<b>Closing Stock</b>		
- Finished Goods	<b>1,136,460</b>	147,364
- Work - in - Progress	<b>65,115,067</b>	18,369,940
Sub - Total (i)	<b>66,251,527</b>	18,517,304
<b>Opening Stock</b>		
- Finished Goods	<b>147,364</b>	144,612
- Work - in - Progress	<b>18,369,940</b>	17,805,796
Sub - Total (ii)	<b>18,517,304</b>	17,950,408
<b>TOTAL (i - ii) :-</b>	<b>47,734,223</b>	<b>566,896</b>
<b>SCHEDULE - 15 : OTHER INCOME</b>		
<b>Interest</b>		
On Fixed Deposit with Banks	<b>1,042,076</b>	1,368,243
[TDS ₹ 104208/- (P.Y. ₹ 106653/-)]		
From Others	<b>105,549</b>	57,011
[TDS ₹ 5701/- (P.Y. ₹ 12919/-)]		
Misc. Receipts	<b>4357008</b>	3,692,619
<b>TOTAL :-</b>	<b>5,504,633</b>	<b>5,117,873</b>



	YEAR ENDED 31-3-2011 (RUPEES)	YEAR ENDED 31-3-2010 (RUPEES)
<b>SCHEDULE - 16 : MATERIALS CONSUMED</b>		
Opening Stock	31,655,323	35,056,531
Add : Purchases [Including Trading Purchase]	504,609,041	388,626,905
	<u>536,264,364</u>	<u>423,683,436</u>
Less : Closing Stock	72,098,327	31,655,323
[Note: Closing Stock [Including Goods In Transit of ₹ 2132499/- (P. Y. 678890/-)]		
<b>Total</b>	<u><u>464,166,037</u></u>	<u><u>392,028,113</u></u>
<b>SCHEDULE - 17 : MANUFACTURING EXPENSES</b>		
<b>Stores &amp; Tools Consumed</b>		
Opening Stock	-	-
Add : Purchases	42,689,702	28,443,616
	<u>42,689,702</u>	<u>28,443,616</u>
Less : Closing Stock	-	-
Sub - Total (a)	<u>42,689,702</u>	<u>28,443,616</u>
<b>Employee's Emoluments</b>		
Salaries, Wages & Bonus	28,900,187	23,253,437
Contribution to P.F., Gratuity & Other Funds	2,606,489	1,865,087
Welfare Expenses	1,572,689	1,595,817
Sub - Total (b)	<u>33,079,365</u>	<u>26,714,341</u>
<b>Repairs &amp; Maintenance</b>		
To Plant & Machinery	5,147,039	4,369,534
To Building [including office building]	994,845	1,192,599
To Others	2,296,116	2,337,832
Sub - Total (c)	<u>8,438,000</u>	<u>7,899,965</u>
<b>Other Manufacturing Expenses</b>		
Power & Fuel	5,818,306	6,504,533
Provision of Excise duty on closing stock of Finished Goods	92,364	2,752
Freight & Handling Charges	7,190,412	7,733,669
Packing Material Consumed	2,916,946	2,187,600
Labour Charges	51,084,234	42,132,860
Factory Expenses	4,601,903	7,944,950
Sub - Total (d)	<u>71,704,165</u>	<u>66,506,364</u>
<b>TOTAL (a+b+c+d)</b>	<u><u>155,911,232</u></u>	<u><u>129,564,286</u></u>



**PATELS AIRTEMP (INDIA) LIMITED**

	<b>YEAR ENDED 31-3-2011 (RUPEES)</b>	<b>YEAR ENDED 31-3-2010 (RUPEES)</b>
<b>SCHEDULE - 18 : SELLING AND ADMINISTRATION EXPENSES</b>		
Rent, Rates & Taxes	<b>873,765</b>	1,234,806
Printing & Stationery Exp.	<b>1,879,538</b>	1,685,975
Postage Exp.	<b>988,494</b>	844,690
Insurance Exp.	<b>169,587</b>	114,047
Telephone Exp.	<b>971,144</b>	1,064,969
Auditor's Remuneration	<b>66,180</b>	66,180
Sitting Fees	<b>14,000</b>	10,000
Travelling, Conveyance & Vehicle Exp.	<b>5,499,068</b>	5,357,965
Legal & Professional Charges	<b>4,992,465</b>	3,337,181
Advertisement & Publicity Exps.	<b>359,977</b>	1,590,772
Sales Commission	<b>270,476</b>	508,450
Selling & Distribution Exps.	<b>9,708,148</b>	12,391,655
General Expenses	<b>7,672,307</b>	4,743,081
Sales Tax	<b>1,511,469</b>	79,520
<b>TOTAL :-</b>	<b>34,976,618</b>	<b>33,029,291</b>
<b>SCHEDULE - 19 : INTEREST &amp; FINANCIAL EXPENSES</b>		
Interest on Working Capital	<b>6,325,433</b>	2,907,884
Interest to Others	<b>6,174,868</b>	1,635,510
Foreign Exchange Fluctuation Loss/(Gain) (Net)	<b>(2,147,532)</b>	3,588,330
Other Finance Charges	<b>7,380,065</b>	5,274,510
<b>TOTAL :-</b>	<b>17,732,834</b>	<b>13,406,234</b>

**SCHEDULE : 20****1. SIGNIFICANT ACCOUNTING POLICIES****i) METHOD OF ACCOUNTING**

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

**ii) RECOGNITION OF INCOME & EXPENDITURE**

Revenues/Incomes and costs / expenditures are generally accounted on accrual, as they are earned or incurred. Sales are inclusive of excise duty but exclusive of Sales Tax / VAT collected.

**iii) EXCISE DUTY**

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

**iv) FIXED ASSETS**

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

**v) INVESTMENTS**

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

**vi) VALUATION OF INVENTORIES**

- a) Raw materials are valued at cost or net realizable value whichever is lower.
- b) Work in progress has been valued at cost of materials and labour charges together with relevant factory overheads.
- c) Finished Goods are valued at cost or net realizable value which ever is lower. (Inclusive Excise Duty).
- d) Goods in transit are valued at cost.

**vii) METHOD OF DEPRECIATION**

- (a) Depreciation on fixed assets (other than land where no depreciation is provided) has been provided on straight line method in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956, at the rates specified in Schedule XIV to the Companies Act, 1956.
- (b) Depreciation in respect of fixed assets put to use during the year is charged on pro-rata basis with reference to the installation of the assets.
- (c) No depreciation has been provided on the assets where the accumulated depreciation has exceeded 95% of its cost.
- (d) No depreciation has been provided in respect of Capital Work In Progress.
- (e) No depreciation has been provided on self generated intangible assets & Road.
- (f) Intangible assets acquired during the year are written off over a period of five year.

**viii) FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit & Loss Account.



Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Profit & Loss Account.

**ix) IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An Impairment loss is charged to the profit and loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

**x) TAXATION**

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

**xi) RETIREMENT BENEFITS**

**a) Short Term**

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

**b) Long Term**

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

**c) Defined Contribution Plans**

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

**d) Defined Benefit Plans**

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

**e) Leave Encashment**

During the year the company has started making provision for Leave Encashment on the basis of unavailed leave by the employees.



**xii) CONTINGENT LIABILITES/ CONTINGENT ASSETS**

- a) Contingent liabilities are disclosed by way of note in the Balance Sheet.
- b) Contingent Assets are neither recognized nor disclosed in the Financial Statements.

**ix) PROPOSED DIVIDEND & CORPORATE DIVIDEND TAX**

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

**2) Contingent Liabilities not provided for:**

Estimated amount of Contracts remaining to be executed on Capital Account (net of advances) & not provided for ₹ 94,40,000/- (P. Y. 898400/-)

(₹ in lacs)

	As at 31/03/2011	As at 31/03/2010
Outstanding Bank Guarantees	1411.56	1081.07
Out standing Inland Letter of Credit	157.83	NIL
Outstanding Income Tax Demand (Net of Payments)	81.77	36.62

**3. RELATED PARTY INFORMATION**

The company has transactions with following related parties

- a) **Associates** Thermflow Engineers Pvt. Ltd.
- b) **Key Management Personal**
  1. Narayanbhai G.Patel
  2. Narendrabhai G. Patel
  3. D.C.Narumalani
  4. Prakashbhai N. Patel
  5. Sanjivkumar N. Patel

Name of Party	Nature of relationship	Nature of Transaction	Transactions during the year (in ₹)	Balance at the end of the year
Narayanbhai G. Patel	Chairman & M.D	Remuneration & Contribution to funds	2558196 (1759146)	Nil
Narendrabhai G. Patel	Director	-- do --	2443236 (1685321)	Nil
D.C. Narumalani	Director	-- do --	2476920 (1688460)	Nil
Prakashbhai N. Patel	Director	-- do --	2419200 (1680000)	Nil
Sanjivkumar N. Patel	Director	-- do --	2419200 (840000)	Nil
Themflow Engineers Pvt. Ltd.	Associate Concern	Interest Accrued but not paid	2552174 (1425901)	
		Loan taken	33500000 (11300000)	45400000 (23400000)
		Loan Repaid	11500000 (NIL)	



## PATELS AIRTEMP (INDIA) LIMITED

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

### 5. DEFERRED TAX

The break up of net deferred tax liability as at 31st March, 2011 is as under:

	31-03-11 (Amt. In ₹)	31-03-10 (Amt. In ₹)
<b>Deferred Tax Assets</b>		
- 43B Disallowance	753659	586251
<b>Sub Total (A) :-</b>	<b>753659</b>	<b>586351</b>
<b>Deferred Tax Liabilities</b>		
- Depreciation difference	21902869	18585261
<b>Sub Total (B) :-</b>	<b>21902869</b>	<b>18585261</b>
Net Deferred Tax Assets /(Liabilities)		
<b>TOTAL (A-B)</b>	<b>(21149210)</b>	<b>(17998910)</b>

### 6. EARNING PER SHARE

	31-03-2011	31-03-2010
- Net Profit for the year	88743656	86790851
- Number of Equity Shares	5070240	5070240
Basic & Diluted Earning per Share (Price per share ₹ 10)	17.50	17.12

### 7. SECURED LOANS

#### Working Capital from BOB

Working Capital facilities from Bank of Baroda is secured by way of hypothecation of raw-materials, stores and spares, work-in-progress of finished goods and book debts of the company both present and future and first charge on company's plant & machinery and factory land and building situated at Plot no. 805, 806, 807, and 810 at Rakanpur, Tal. Kalol, Dist. Gandhinagar and also equitable mortgage on plot no 811 as collateral security and is also personally guaranteed by the Promoters of the company.

8. 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.
9. Balances of Sundry debtors, Creditors and loans and advances are subject to confirmation from respective parties.

### 10. MANAGERIAL REMUNERATION

	Year 2010-11 (₹)	Year 2009-10 (₹)
a) Salaries	1,08,00,000	67,50,000
b) Contribution to Gratuity & other funds	12,96,000	8,10,000
c) Perquisites	2,20,752	92,927
<b>TOTAL :-</b>	<b>1,23,16,752</b>	<b>76,52,927</b>

### 11. EMPLOYEE BENEFIT OBLIGATION

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

**Defined Contribution Plan :**

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

(₹)

	2010-11	2009-10
Employer's Contribution to Provident Fund	2148678	1418403

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

**12. AUDITOR'S REMUNERATION**

	Year 2010-11 (₹)	Year 2009-10 (₹)
a) Audit Fees	55680	55680
b) Tax Audit Fees	10500	10500

**13. PRIOR PERIOD ADJUSTMENTS**

Particulars	As At 31/03/2011 Rupees	As At 31/03/2010 Rupees
Net Operating Expenses/(Income)	90462	56198

**14. Micro, Small & Medium Enterprise**

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

Particulars	2010-11	2009-10
The Principal Amount and Interest Due	12690330	12552729
Interest Paid under MSMED Act, 2006	NIL	NIL
Interest due (Other than 23.3 (b))	NIL	NIL
Interest accrued and unpaid	NIL	NIL
Interest due and payable till actual payment	NIL	NIL

**15. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**(A) Capacities and Production**

CAPACITIES Class of Goods	Licensed capacity (in MTS)	Installed capacity (in MTS)
Components Condensers, heat Exchangers, Air cooled Heat Exchanger, finned Tube/Fine Tube Bundle/elements, Presser Vessels, Steam Heaters.	N.A.	As informed by the Management, the items manufactured are the tailor made and are different in each case and hence, installed capacity is not ascertainable.



**PATELS AIRTEMP (INDIA) LIMITED**

**SCHEDULE : 20 - NOTES FORMING PART OF ACCOUNTS**

**PRODUCTION TURNOVER AND STOCKS**

	OPENING STOCK		PRODUCTION		TURNOVER	CLOSING STOCK	
	QTY Nos./ Sets	Value With E.D. (₹)	QTY Nos./sets	QTY Nos./sets	Value (₹)	QTY Nos./ Sets	Value With E.D. (₹)
Industrial Fan & Accessories	2 Nos (2) Nos	3861 (3788)	- (7) Nos	2 Nos. (7 Nos)	3500 (246982)	- (2 Nos)	- (3861)
Heat Exchanger & Accessories	(-)	(-)	1045 Nos. 23 Set (537 No.) (17 Sets)	1044 Nos. 23 Set (537 Nos.) (17 sets)	446874720 (283083630)	-	-
Steam Coil/ Heaters	-	-	58 Nos. 1 Set (52 Nos)	58 Nos. 1 Set (52 Nos)	44507310 (52059499)	-	-
Air Conditioning & Refrigeration	19 Nos. (19) Nos	61463 (60317)	58 Nos. (154 Nos.) (9 Sets)	77 Nos. (154 Nos.) (9 Sets)	9449619 (30774868)	- (19 Nos.)	- (61463)
Other plants Equipment's & Accessories	-	-	-	-	2743627 (*) (3480792) (*)	-	-
Compressor & Extra Accessories Controls	1 Nos. (1) Nos	8227 (8074)	-	1 No. -	7459 -	- (1 Nos.)	- (8227)
Window & Split A/c.	18 Nos.* (18) Nos	73813 (72433)	-	732 Nos.* (301 Nos*)	18516205 (6838499)	- (18 Nos.)	- (73813)
Pressure Vessels	-	-	92 Nos. 1 Set (240 Nos.)	92 Nos. 1 Set (240 Nos.)	40723076 (153012571)	-	-
Humidification Ventilation & Air-cooling plant Equipment	-	-	-	-	89729821* (18921667*)	-	-
Air Cooled Heat Exchanger	-	-	2 Nos. 62 Set 1 Lot (25 Nos.) (52 Set)	2 Nos. 62 Set 1 Lot (25 Nos.) (52 Set)	84736445 (127739870)	-	-
Finished/Tube/ Fine T Bundle/ Elements	-	-	15333 Nos (11742 Nos.)	15163 Nos.. (11742 Nos.)	23120071 (13478753)	170	641284
Surface Condenser	-	-	-	-	-	-	-
Total :-		<u>147364</u>			<u>760411853</u>		<u>1136460</u>
P.Y. :-		<u>(144612)</u>			<u>(689637131)</u>		<u>(147364)</u>

- Note :**
- 1) \* Quantity is Not Ascertainable.
  - 2) \*Include trading sale of 723 Nos. [ P.Y. 301 Nos.]
  - 3) Turnover does not includes processing charges and transportation charges received.

**CONSUMPTION OF RAW MATERIAL [including trading goods]**

Class of Materials	Unit	Year 2010-11		Year 2009-10	
		QTY	Value ₹	QTY	Value ₹
I Iron & Steel	Kg.	1687266	126174393	Kg. 3243359	163914020
FLANGES	Nos.	49817	85906345	Nos. 7331	46866020
ii. Non Ferrous [Copper & All Tubes]	Kg.	55269	33997243	Kg. 61753	28249543
iii. Non Ferrous Sheet/Plates [Copper & Alu. Tubes.]	Kg.	145548	27344176	Kg. 232006	41255888
iv. Electric Motors & Compressors	Nos.	61	1174929	Nos. 149	2637272
v. Pipes/Tubes	Mtrs.	587762	129151368	Mtrs. 539021	78595363
vi. Others (components)			35681580	-	60625334
vii. C.I. Castings	Kg.	3136	1785233	Kg. 2280	141777
viii. Air Washer Equipments			82898401		16405865
Total :-			<b>524113668</b>		<b>438691082</b>
Less : Cenvat & VAT Tax set off			59947631		46662969
Total :-			<b>464166037</b>		<b>392028113</b>
P.Y.			<b>392028113</b>		<b>390890703</b>

**(B) Value of imported and indigenous raw-materials, stores and spare parts consumed and percentage thereof**

	Year ended 31-03-2011		Year ended 31-03-2010	
	Value (₹)	%	Value (₹)	%
<b>i) Raw material</b>				
- Imported	36688612	7.90	36029811	9.55
- Indigenous	427477425	92.10	341173943	90.45
<b>Total :-</b>	<b>464166037</b>	<b>100</b>	<b>377203754</b>	<b>100</b>
<b>PREVIOUS YEAR :</b>	<b>(377203754)</b>	<b>(100)</b>	<b>(358584534)</b>	<b>(100)</b>
<b>ii) Stores &amp; Spares</b>				
- Imported	3555419	26.01	1777377	6.25
- Indigenous	10113094	73.99	26666239	93.75
<b>Total :</b>	<b>13668513</b>	<b>100</b>	<b>28443616</b>	<b>100</b>
<b>PREVIOUS YEAR :</b>	<b>(28443616)</b>	<b>(100)</b>	<b>(24682062)</b>	<b>(100)</b>

**(C) DETAILS OF TRADING GOODS PURCHASED**

PARTICULARS	31.03.2011		31.03.2010	
	Value (₹)	%	Value (₹)	%
Trading Goods				
- Imported	NIL	NIL	NIL	NIL
- Indigenous	22731608	100.00	14824358	100.00
<b>TOTAL:</b>	<b>22731608</b>	<b>100.00</b>	<b>14824358</b>	<b>100.00</b>



**PATELS AIRTEMP (INDIA) LIMITED**

	Year ended 31.03.2011 (Rupees)	Year ended 31.03.2010 (Rupees)
<b>E) C.I.F. value of Imports</b>		
i) Capital Goods	5719722	15157197
ii) Raw Materials	42242538	36029811
iii) Consumable Tools	3555419	1777377
<b>F) Expenditure in foreign currency</b>		
i) Subscription and Registration Fees	1184091	1386974
ii) Repairs to Plant & M/c.	2064426	1352953
iii) Foreign Travelling Expenditure	37490	637305
iv) Software	257671	Nil
<b>G) Earning in foreign Exchange ( FOB Value of Exports)</b>	4031560	38724793
<b>H) Amount remitted during the year in foreign currency in respect of Dividend.</b>	Nil	Nil

16. Previous year's figures have been re-grouped/rearranged wherever necessary so as to confirm to current year's grouping.

17. Information required in terms of part IV of schedule VI to the companies Act, 1956 is attached.

As per our report attached to the Balance Sheet

-: Signatories to Schedules - 1 to 20 :-

PLACE :- AHMEDABAD  
DATE :- 28/05/2011

FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS

HITEN M. PARIKH  
PARTNER  
M. No. : 40230  
FRN No. : 107525W

PLACE :- RAKANPUR  
DATE :- 28/05/2011

FOR PATELS AIRTEMP(INDIA) LIMITED

NARAYANBHAI G. PATEL  
CHAIRMAN & MANAGING DIRECTOR

NARENDRABHAI G. PATEL  
DIRECTOR

RAJESH B. LIMBACHIA  
COMPANY SECRETARY





**PATELS AIRTEMP (INDIA) LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

	2010-2011		2009-2010	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and Extra Ordinary Items		133,037,308		132,627,391
Adjustments for:				
Depreciation	11,003,990		8,776,645	
Interest expenses	12,500,301		4,543,394	
Interest Income	(1,147,625)		(1,425,254)	
		<u>22,356,666</u>		<u>11,894,785</u>
OPERATING PROFIT BEFORE WORKING				144,522,176
<b>CAPITAL CHANGES</b>		155,393,974		
Adjustment for:				
Trade and other receivables	(85,209,139)		(80,544,098)	
Inventories	(88,177,227)		2,834,312	
Trade Payable	81,281,612		824,092	
		<u>(92,104,754)</u>		<u>(76,885,694)</u>
CASH GENERATED FROM OPERATIONS		63,289,220		67,636,482
Direct Taxes paid /Payable	(41,776,322)			
		<u>(41,776,322)</u>	(42,314,343)	<u>(42,314,343)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS		21,512,898		25,322,139
Extraordinary items:				
Prior period adjustments	(90,462)	(90,462)	(56,198)	(56,198)
NET CASH FROM OPERATING ACTIVITIES		21,422,436		25,265,941
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Net of Modvat benefit )	(41,124,445)		(68,339,626)	
Sale of Fixed Asset	342,671		-	
Interest Received	1,147,625		1,425,254	
		<u>(39,634,149)</u>		<u>(66,914,372)</u>
NET CASH USED IN INVESTING ACTIVITIES		(39,634,149)		(66,914,372)



**C CASH FLOW FROM FINANCING ACTIVITIES :**

Proceeds/(Repayment) from secured Borrowings	0	0
Proceeds/(Repayment) from Unsecured Borrowings	22,000,000	10,618,931
Proceeds from Bank borrowings for Working Capital Facilities	27,930,644	29,106,185
Deferred payment credits against vehicles (Net of repayment)	(528,880)	(473,551)
Corporate Dividend Paid	(11,824,687)	(11,863,855)
Interest Paid	(12,500,301)	(4,543,394)
	<u>25,076,776</u>	<u>22,844,316</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>25,076,776</u>	<u>22,844,316</u>
NET INCREASE/(DECREASE) IN CASH AND CASH AND CASH EQUIVELANTS AS AT THE BEGINING OF THE YEAR	<u>6,865,063</u>	<u>(18,804,115)</u>
CASH AND CASH EQUIVELANTS AS AT THE CLOSING OF THE YEAR	<u>37,839,567</u>	<u>55,683,641</u>
	<u>44,704,630</u>	<u>37,839,567</u>

FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS

HITEN M. PARIKH  
PARTNER  
M.No. : 40230  
FRN No. : 107525W

DATE : 28/05/2011  
PLACE : AHMEDABAD

RAJESH B. LIMBACHIA  
COMPANY SECRETARY

FOR PATELS AIRTEMP (INDIA) LTD.  
NARAYANBHAI G. PATEL  
CHAIRMAN & MANAGING DIRECTOR

NARENDRABHAI G. PATEL  
DIRECTOR

DATE : 28/05/2011  
PLACE : RAKANPUR



**PATELS AIRTEMP (INDIA) LIMITED**

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

Client ID : \_\_\_\_\_

LF.No. : \_\_\_\_\_

DP ID : \_\_\_\_\_

Nos. of Shares held : \_\_\_\_\_

**ATTENDANCE SLIP**

I hereby record my presence at the Nineteenth Annual General Meeting of the Company held at the Regd. Office : 5th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad - 380 009 at 10.00 a.m. on Friday the 30th September, 2011.

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

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

**PATELS AIRTEMP (INDIA) LIMITED**

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

Client ID : \_\_\_\_\_

LF.No. : \_\_\_\_\_

DP ID : \_\_\_\_\_

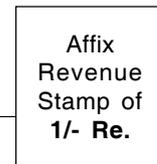
Nos. of Shares held : \_\_\_\_\_

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member/members of the above  
named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him / her \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my /our Proxy to attend and  
vote for me / us and on my / our behalf at the Nineteenth Annual General Meeting of the Company to be  
held on **Friday, 30th September, 2011**. at 10.00 a.m. at the Registered Office of the Company and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature \_\_\_\_\_



NOTES:

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



BOOK-POST  
(Printed Matter)

To,



If undelivered please return to :



***PATELS AIRTEMP (INDIA) LIMITED***

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