

15th Annual Report

2006-2007

ASME "U" STAMP
AUTHORIZED COMPANY
MEMBER-HTRI-USA



PATELS AIRTEMP (INDIA) LIMITED



**PATELS AIRTEMP (INDIA) LIMITED
FIFTEENTH ANNUAL REPORT 2006-2007**

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 Umakant G. Majmudar : Director
Shri Natwarlal J. Patel : Director
Shri Bhupendra J. Patel : Director
Shri Hareshkumar I. Shah : 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 302, Oberoi
Chambers-II
New Link Road,
Oshiwara, Andheri(w)
Mumbai - 400 053.

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

Unit-IV
Plot 807-810,
Rakanpur, Tal.: Kalol,
Dist.: Gandhinagar.

REGISTRARS & SHARE TRANSFER AGENTS M/s. Pinnacle Shares Registry Pvt. Limited
Regd.. Office : Nr. Ashoka Mills,
Naroda Road, Ahmedabad - 380 025
Tele. No. (079) 22204226/22200582-22200338,
Fax No. (91) (079) 22202963



Notice is hereby given that the Fifteenth Annual General Meeting of the Members of **PATELS AIRTEMP (INDIA) LIMITED** will be held on Friday the 28th September, 2007 at 10.00 a.m. at the Registered Office at 5th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Navrangpura, Ahmedabad – 380 009 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2007 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 on equity shares.
3. To appoint a director in place of Shri Devidas C. Narumalani, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Prakash N. Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

As an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the increase of salary of Shri Narayanbhai G. Patel, as Managing Director of the Company from Rs.50,000/-p.m. to Rs.80,000/- p.m. and other perquisites and benefits the terms and conditions including remuneration as set out in the explanatory statement annexed hereto for the period from 1.1.2007 to 13.7.2011.

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 the terms and conditions of the said increase in remuneration without the matter being referred to the Company in General Meeting, so long as, it does not exceed the limits specified 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.

7. As an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the increase of salary of Shri Devidas C. Narumalani, as Whole Time Director of the Company from Rs.50,000/-p.m. to Rs.80,000/- p.m. and other perquisites and benefits the terms and conditions including remuneration as set out in the explanatory statement annexed hereto for the period from 1.1.2007 to 13.7.2009.

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 the terms and conditions of the said increase in remuneration without the matter being referred to the Company in General Meeting, so long as, it does not exceed the limits specified 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 Devidas C. Narumalani 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.

8. As an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the increase of salary of Shri Narendra G. Patel, as Whole Time Director of the Company from Rs.50,000/- p.m. to Rs.80,000/- p.m. and other perquisites and benefits the terms and conditions including remuneration as set out in the explanatory statement annexed hereto for the period from 1.1.2007 to 31.7.2007.

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 the terms and conditions of the said increase in remuneration without the matter being referred to the Company in General Meeting, so long as, it does not exceed the limits specified 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 Narendra 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.

9. As an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the increase of salary of Shri Prakash N. Patel, as Whole Time Director of the Company from Rs.50,000/-p.m. to Rs.80,000/- p.m. and other perquisites and benefits the terms and conditions including remuneration as set out in the explanatory statement annexed hereto for the period from 1.1.2007 to 31.5.2007.

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 the terms and conditions of the said increase in remuneration without the matter being referred to the Company in General Meeting, so long as, it does not exceed the limits specified 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 Prakash N. Patel and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.



10. As an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the appointment of Shri Prakash N. Patel, as Whole Time Director of the Company for a period of three years with effect from 1st June, 2007 on payment of salary of Rs.80,000/- p.m. and other perquisites and such other terms and conditions including remuneration as set out in the explanatory statement hereto annexed, a copy whereof submitted to this meeting duly initialed by the Chairman for the purpose of identification.”

“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 the terms and conditions of the said appointment including remuneration without the matter being referred to the Company in General Meeting, so long as, it does not exceed the limits specified 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 Prakash N. Patel and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

11. As an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the appointment of Shri Narendra G. Patel, as Whole Time Director of the Company for a period of three years with effect from 1st August, 2007 on payment of salary of Rs.80,000/- p.m. and other perquisites and such other terms and conditions including remuneration as set out in the explanatory statement hereto annexed, a copy whereof submitted to this meeting duly initialed by the Chairman for the purpose of identification.”

“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 the terms and conditions of the said appointment including remuneration without the matter being referred to the Company in General Meeting, so long as, it does not exceed the limits specified 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 Narendra 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.”

By Order of the Board

Place : Rakanpur
Date : 29th June, 2007

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 INSTRUMENTS 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 Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business at item No. 6 to 11 set out in the notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 17th September, 2007 to Friday the 28th September, 2007 (both days inclusive).
4. The dividend as recommended by the Board, if declared at the meeting, will be paid on or before 1st October, 2007 to those members whose names appear on the Company's Register of Members on 28th September, 2007. In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
5. Members are requested to :
 - (i) Notify promptly the change in their registered address, if any, to the Registrar and Share Transfer Agent M/s. Pinnacle Shares Registry Pvt. Ltd. quoting folio numbers, if the shares are held in physical form and to their Depository Participants, if the shares are held in demat form.
 - (ii) Bring their copies of the Annual Reports 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 Number for easier identification of attendance at the meeting.
 - (iii) Approach the Registrar & Share Transfer Agent for consolidation of folios, if physical shareholdings are under multiple folios.
 - (iv) Address their questions/queries in writing to the Company, desirous of obtaining any information concerning the accounts and operation of the company, so as to reach at least seven days before the date of the meeting.
6. In terms of Section 205C of the Companies Act, 1956, the unclaimed dividends for the financial year 1999-2000 (which have remained unpaid for a period of seven years from the date of transfer to unpaid dividend accounts) will become due for transfer to Investor Education & Protection Fund in the month of October / November, 2007. Those shareholders who have not encashed the dividend warrants for the financial year 1999-2000 are advised to submit their claim to the Registrar / Company immediately quoting their folio numbers. 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 remains unclaimed or unpaid.
7. All documents referred to in the accompanying notice and Explanatory Statement is open for inspection at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 a.m. to 4.00 p.m. up to the date of Annual General Meeting.
8. 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.
9. Company has appointed M/s. Pinnacle Shares Registry Private Limited, Registered Office : Nr. Ashoka Mills, Naroda Road, Ahmedabad – 380025 Tele. No. (079) 22204226/22200582/22200591, Fax No. (079) 22202963, E-mail Address : investor.service@psrpl.com.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**Item No. : 6 Ordinary Resolution :**

The Board of Directors at their meeting held on 30th January, 2007 increased the remuneration of Shri Narayanbhai G. Patel, Managing Director from Rs.50,000/- p.m. to Rs.80,000/- p.m. in the interest of the company with effect from 1.1.2007 to 13.7.2011. On the remuneration as determined and approved by the Remuneration Committee of the Board of Directors and the Board recommended the remuneration as given below:

I. PERIOD : From 1.1.2007 to 13.7.2011.

II. REMUNERATION :

(A) Salary: Rs.80,000/- per month including Dearness and other allowances.

(B) Perquisite: Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956.

- (i) Housing – Rent free furnished residential accommodation or House Rent Allowance as may be decided by the Board or Committee.
 - (ii) Reimbursement of expenses on gas, electricity, water and furnishings.
 - (iii) Reimbursement of medical expenses incurred for self and members of his family as per the rules of the company.
 - (iv) Leave travel concession for self and members of his family as per rules of the company.
 - (v) Fees of clubs subject to maximum of two clubs.
 - (vi) Personal Accident Insurance premium as per the rules of the Company.
 - (vii) Provision of car and telephone at residence. The expenditure on use of car for private purpose and long distance calls on telephone shall billed by the Company 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 appointment and remuneration including perquisites and benefits payable to the aforesaid Managerial Personnel within the overall limits under Section 198, 309 and Schedule XIII of the Companies Act, 1956.
- (D)** In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) and perquisite (B) above shall be minimum remuneration 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 connected directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (F)** The appointee shall subject to supervision, direction and control of the Board of Directors of the Company be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him.
- (G)** The appointment may be terminated by either party giving to the other party three months' remuneration in lieu thereof.

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

As per the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company accorded by Ordinary Resolution for holding office of Managing Director of the Company on remuneration.

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 4.00 p.m. up to the date of the meeting.

Shri Narayanbhai G. Patel, himself and Shri Prakash N. Patel being relative, are concerned as interested directly in the business of passing this resolution as it relates to the individual and being relative of the appointee. No other directors are interested or concerned in the above resolution.

Item No. : 7 Ordinary Resolution:

The Board of Directors at their meeting held on 30th January, 2007 increased the remuneration of Shri Devidas C. Narumalani, Whole Time Director from Rs.50,000/- p.m. to Rs.80,000/- p.m. in the interest of the company with effect from 1.1.2007 to 13.7.2009. On the remuneration as determined and approved by the Remuneration Committee of the Board of Directors and the Board recommended the remuneration as given below :

I. PERIOD: From 1.1.2007 to 13.7.2009.

III. REMUNERATION :

(A) Salary: Rs.80,000/- per month including Dearness and other allowances.

(B) Perquisite: Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956.

- (i) Housing – Rent free furnished residential accommodation or House Rent Allowance as may be decided by the Board or Committee.
- (ii) Reimbursement of expenses on gas, electricity, water and furnishings.
- (iii) Reimbursement of medical expenses incurred for self and members of his family as per the rules of the company.
- (iv) Leave travel concession for self and members of his family as per rules of the company.
- (v) Fees of clubs subject to maximum of two clubs.
- (vi) Personal Accident Insurance premium as per the rules of the Company.
- (vii) Provision of car and telephone at residence. The expenditure on use of car for private purpose and long distance calls on telephone shall billed by the Company 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 appointment and remuneration including perquisites and benefits payable to the aforesaid Managerial Personnel within the overall limits under Section 198, 309 and Schedule XIII of the Companies Act, 1956.

(D) In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) and perquisite (B) above shall be minimum remuneration 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 connected directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.

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

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

As per the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company accorded by Ordinary Resolution is necessary for holding office of Whole Time Director of the Company on remuneration.

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 4.00 p.m. up to the date of the meeting.

None of the Directors except Shri Devidas C. Narumalani, himself may be considered as interested in the passing of this resolution.

Item No. : 8 Ordinary Resolution:

The Board of Directors at their meeting held on 30th January, 2007 increased the remuneration of Shri Narendra G. Patel Whole Time Director from Rs.50,000/- p.m. to Rs.80,000/- p.m. in the interest of the company with effect from 1.1.2007 to 31.7.2007. On the remuneration as determined and approved by the Remuneration Committee of the Board of Directors and the Board recommended the remuneration as given below :

I. PERIOD: From 1.1.2007 to 31.7.2007.

II. REMUNERATION :

- (A) **Salary:** Rs.80,000/- per month including Dearness and other allowances.
- (B) **Perquisite:** Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956.
- (i) Housing – Rent free furnished residential accommodation or House Rent Allowance as may be decided by the Board or Committee.
 - (ii) Reimbursement of expenses on gas, electricity, water and furnishings.
 - (iii) Reimbursement of medical expenses incurred for self and members of his family as per the rules of the company.
 - (iv) Leave travel concession for self and members of his family as per rules of the company.
 - (v) Fees of clubs subject to maximum of two clubs.
 - (vi) Personal Accident Insurance premium as per the rules of the Company.
 - (vii) Provision of car and telephone at residence. The expenditure on use of car for private purpose and long distance calls on telephone shall billed by the Company 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 appointment and remuneration including perquisites and benefits payable to the aforesaid Managerial Personnel within the overall limits under Section 198, 309 and Schedule XIII of the Companies Act, 1956.
- (D) In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) and perquisite (B) above shall be minimum remuneration 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 connected directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (F) The appointee shall subject to supervision, direction and control of the Board of Directors of the Company be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him.
- (G) The appointment may be terminated by either party giving to the other party three months' remuneration in lieu thereof.

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

As per the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company accorded by Ordinary Resolution is necessary for holding office of Whole Time Director of the Company on remuneration.

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 4.00 p.m. up to the date of the meeting.

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

Item No. : 9 Ordinary Resolution:

The Board of Directors at their meeting held on 30th January, 2007 increased the remuneration of Shri Prakash N. Patel Whole Time Director from Rs. 50,000/- p.m. to Rs. 80,000/- p.m. in the interest of the company with effect from 1.1.2007 to 31.5.2007. On the remuneration as determined and approved by the Remuneration Committee of the Board of Directors and the Board recommended the remuneration as given below :

I. PERIOD: From 1.1.2007 to 31.5.2007.

II. REMUNERATION :

(A) Salary: Rs.80,000/- per month including Dearness and other allowances.

(B) Perquisite: Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956.

- (i) Housing – Rent free furnished residential accommodation or House Rent Allowance as may be decided by the Board or Committee.
- (ii) Reimbursement of expenses on gas, electricity, water and furnishings.
- (iii) Reimbursement of medical expenses incurred for self and members of his family as per the rules of the company.
- (iv) Leave travel concession for self and members of his family as per rules of the company.

- (v) Fees of clubs subject to maximum of two clubs.
 - (vi) Personal Accident Insurance premium as per the rules of the Company.
 - (vii) Provision of car and telephone at residence. The expenditure on use of car for private purpose and long distance calls on telephone shall billed by the Company 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 appointment and remuneration including perquisites and benefits payable to the aforesaid Managerial Personnel within the overall limits under Section 198, 309 and Schedule XIII of the Companies Act, 1956.
- (D) In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) and perquisite (B) above shall be minimum remuneration 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 connected directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (F) The appointee shall subject to supervision, direction and control of the Board of Directors of the Company be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him.
- (G) The appointment may be terminated by either party giving to the other party three months' remuneration in lieu thereof.

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

As per the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company accorded by Ordinary Resolution is necessary for holding office of Whole Time Director of the Company on remuneration.

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 4.00 p.m. up to the date of the meeting.

Shri Prakash N. Patel, himself and Shri Narayanbhai G. Patel being relative, are concerned as interested directly in the business of passing this resolution as it relates to the individual and being relative of the appointee. No other directors are interested or concerned in the above resolution.

Item No. : 10 Ordinary Resolution:

Shareholders may recall that in the 12th Annual General Meeting of the Company held on 25th September, 2004, where Shri Prakash N. Patel appointed as Whole Time Director for a period three years from 1st June, 2004. The present term of office of Shri Prakash N. Patel expires on 1st June, 2007.

Shri Prakash N. Patel, aged 40 years holding a Mechanical Engineering degree. He has more than 18 years of experience in the engineering field. He is in charge of overall administration and also execution of orders.

The Board of Directors at their meeting held on 4th May, 2007 appointed Shri Prakash N. Patel as Whole Time Director of the company for a period of three years from 1.6.2007 on remuneration of Rs.80,000/- p.m.. On the remuneration as determined and approved by the Remuneration Committee of the Board of Directors, the Board recommended the remuneration as given below :

I. PERIOD: From 1.6.2007 to 31.5.2010.

II. REMUNERATION :

(A) Salary: Rs.80,000/- per month including Dearness and other allowances.

(B) Perquisite: Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956.

(i) Housing – Rent free furnished residential accommodation or House Rent Allowance as may be decided by the Board or Committee.

(ii) Reimbursement of expenses on gas, electricity, water and furnishings.

(iii) Reimbursement of medical expenses incurred for self and members of his family as per the rules of the company.

(iv) Leave travel concession for self and members of his family as per rules of the company.

(v) Fees of clubs subject to maximum of two clubs.

(vi) Personal Accident Insurance premium as per the rules of the Company.

(vii) Provision of car and telephone at residence. The expenditure on use of car for private purpose and long distance calls on telephone shall billed by the Company 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 appointment and remuneration including perquisites and benefits payable to the aforesaid Managerial Personnel within the overall limits under Section 198, 309 and Schedule XIII of the Companies Act, 1956.

(D) In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) and perquisite (B) above shall be minimum remuneration 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 connected directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.

(F) The appointee shall subject to supervision, direction and control of the Board of Directors of the Company be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him.

(G) The appointment may be terminated by either party giving to the other party three months' remuneration in lieu thereof.

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

As per the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company accorded by Ordinary Resolution is necessary for holding office of Whole Time Director of the Company on remuneration.

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 4.00 p.m. up to the date of the meeting.

Shri Prakash N. Patel and Shri Narayanbhai G.. Patel being relative, are concerned as interested directly in the business of passing this resolution as it relates to the individual and being relative of the appointee. No other directors are interested or concerned in the above resolution.

Item No. : 11 Ordinary Resolution:

Shareholders may recall that in the 12th Annual General Meeting of the Company held on 25th September, 2004, where Shri Narendra G. Patel appointed as Whole Time Director for a period three years from 1st August, 2007. The present term of office of Shri Naraendra G. Patel expires on 1st August, 2007.

Shri Narendra G. Patel aged 48 years holding Engineering degree. He has more than 26 years of experience in the engineering field. He is in charge of overall marketing department of the company. Over and above he is looking after execution of orders.

The Board of Directors at their meeting held on 4th May, 2007 appointed Shri Narendra G. Patel as a Whole Time Director of the Company on remuneration of Rs.80,000/- p.m.. On the remuneration 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 three years from 1.8.2007 to 31.7.2010

II. REMUNERATION :

(A) Salary: Rs.80,000/- per month including Dearness and other allowances.

(B) Perquisite: Perquisites are allowed in addition to salary. It shall be restricted to an amount equal to the annual salary subject to ceiling prescribed in Part II of Schedule XIII to the Companies Act, 1956.

- (i) Housing – Rent free furnished residential accommodation or House Rent Allowance as may be decided by the Board or Committee.
- (ii) Reimbursement of expenses on gas, electricity, water and furnishings.
- (iii) Reimbursement of medical expenses incurred for self and members of his family as per the rules of the company.
- (iv) Leave travel concession for self and members of his family as per rules of the company.
- (v) Fees of clubs subject to maximum of two clubs.
- (vi) Personal Accident Insurance premium as per the rules of the Company.
- (vii) Provision of car and telephone at residence. The expenditure on use of car for private purpose and long distance calls on telephone shall billed by the Company 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 appointment and remuneration including perquisites and benefits payable to the aforesaid Managerial Personnel within the overall limits under Section 198, 309 and Schedule XIII of the Companies Act, 1956.

(D) In the absence or inadequacy of profits in any financial year, the salary mentioned in paragraph (A) and perquisite (B) above shall be minimum remuneration 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 connected directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (F) The appointee shall subject to supervision, direction and control of the Board of Directors of the Company be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him.
- (G) The appointment may be terminated by either party giving to the other party three months' remuneration in lieu thereof.

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

As per the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company accorded by Ordinary Resolution is necessary for holding office of Whole Time Director of the Company on remuneration.

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 4.00 p.m. up to the date of the meeting.

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

For PATELS AIRTEMP (INDIA) LTD.

NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING DIRECTOR

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

Date : 29th June, 2007.

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 D.C. Narumalani	1.6.1949	10.6.1992	Engineering Industry	B. Tech. (I.I.T.) Mumbai, DBM	Nil	Nil
Shri Narendra G. Patel	13.2.1958	21.6.1994	Engineering Industry	B.E. (Mech.), D.B.M.	Nil	Nil
Shri Prakash N. Patel	23.7.1966	27.5.2004	Engineering Industry	B.E. (Mech.),	Nil	Nil



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Fifteenth Annual Report together with Audited Statement of Accounts of the Company for the financial year ended 31st March, 2007.

FINANCIAL RESULTS

Particulars	2006-07	2005-06
Sales and Other Income (Including Excise Duties)	4713.11	3397.85
Profit before Interest and Finance Charges	544.32	365.41
Depreciation and Taxes & prior period Adjustment		
Less : Interest & Finance Charges	119.10	119.64
Depreciation	60.60	55.85
Profit before Taxation	364.62	189.92
Provision for Taxation - Current	104.00	57.37
- Fringe Benefit Tax	2.46	3.66
- Deferred	(0.19)	(4.76)
- Wealth Tax	0.09	0.00
- Excess Provision of IT for earlier year	1.58	(6.64)
Profit after Tax	256.68	140.29
Less Prior Period Adjustment	2.91	2.25
	253.77	138.04
Balance brought forward from previous year	505.29	367.25
Less Corporate Dividend Tax	8.62	0.00
Less proposed Dividend	50.70	0.00
Less Transfer to General Reserve	55.00	0.00
Surplus carried forward to Balance Sheet	644.74	505.29

DIVIDEND

Your Directors has recommended dividend @ 10% subject to approval by the members in the Annual General Meeting. The Corporate Dividend Tax works out to Rs. 8.62 lacs.

PERFORMANCE

Your company continued to post good performance during the year. Its gross turnover increased by 42.97% being Rs. 4645.77 lacs as against Rs. 3249.43 lacs in the previous year. It may be clarified that in the current year sales includes job processing income (Net) of Rs. 19.25 lacs, which does not include the cost of raw materials, which are supplied by the parties. Again, it is relevant to note that the Profit before Tax is higher at Rs. 364.62 lacs in the year under review as compared to Rs. 189.92 lacs in the previous year. The net profit of the company increased by 82.96% being Rs. 256.68 lacs as against Rs. 140.29 lacs in the previous year. The earning per share jumped from Rs. 2.72 to Rs. 5.01. The EPS has increased by 84.19%. Thus, in terms of earnings, the position has improved in the year under review.

FUTURE PROSPECTS

Your Board is of the opinion that order booking is significant for determining the growth rate of the Company. Your Directors are pleased to note that the company has about Rs. 42.06 crores of orders on hand to be executed as on 29th June, 2007. Your Directors are confident of achieving 25% increase in the turnover of the company in the financial year 2007-08 as compared to financial year under review. Your Company has achieved satisfactory performance during the year under review and the financial results reflect the same.

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 Devidas C. Narumalani and Shri Prakash N. Patel, retires by rotation and being eligible offers themselves for the reappointment. The present term of Shri Prakash N. Patel, Whole Time Director, expires on 1st June, 2007 and the present term of Shri Narendra G. Patel, Whole Time Director expires on 1st August, 2007 respectively. It is proposed to appoint Shri Prakash N. Patel and Shri Narendra G. Patel as Whole Time Director(s) for the further period of three years respectively. Necessary resolutions for their appointment and approval of the remuneration payable to the aforesaid directors have been duly recommended and approved by the Remuneration Committee on 4th May, 2007 and the same have been proposed for approval by members at the ensuing Annual General Meeting.

The particulars of the directors retiring by rotation are given in the notice.

CORPORATE GOVERNANCE

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

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 alongwith proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the Company for the year under review ;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities ;
- (iv) that the Directors have prepared the Annual Accounts for the financial year ended 31st March, 2007 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 re-appointed as auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

Your Directors request you to appoint Auditors for the current year as set out in the accompanying notice of the Annual General Meeting.

Regarding remark in Auditors Report Note No. 4(f) for non provision of leave encashment as required by AS 15, Board has to state that it is difficult to estimate accurate leave encashment expenses every year as the same is dependent on various factors. The Management has not provided for leave encashment and decided to follow cash system of accounting for leave encashment.

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.

FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earning and outgo during the year is furnished in the Notes to the Accounts.

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, Financial Institutions and Commercial Banks for the faith reposed by them in your Company and its management.

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

For and on behalf of the Board of Directors,

Place : Rakanpur
Date : 29th June, 2007

**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, the expenditure of which are accounted for separately and fulfilled all the requirements for manufacturing of 'U' Stamp Vessels and Heat Exchangers due to these upgradation in technology, which meet present global requirement. We have further renewed the 'U' Stamp in the year 2006 for a period of three years.

(2) Technology Absorption, Adaptation & Innovation

- i. The company has adopted the latest technology in its designing of Air Cooled Heat Exchanger and Specialised Finning Machine had been imported. This has improved the product quality and plant efficiency. The technology for designing and manufacturing of Air Cooled Heat Exchanger was obtained from M/S. TEK – FINS INC. U.S.A.
- ii. The technology has following benefits over the commercial technology :
 1. Imported and efficient product quality.
 2. For very good business prospects in future.
- iii. For updating Heat Transfer Technology Company became the member of HTRI (Heat Transfer Research, Inc., U.S.A.).
- iv. The company has adopted the latest technology in its pressure vessel Design & Analysis software of PV Elite CodeCalc. The PV Elite & CodeCalc Licences provide the following:
 - v. Maximum pressure and minimum thickness calculations for heads, shells and cones.
 - vi. Common checks for nozzles, flanges, tube sheets, floating heads and vessel attachments.
 - vii. Code calculations for other components – expansion joints, rectangular vessels, large openings.

For and on behalf of the Board of Directors

Place : Rakanpur
Date : 29th June, 2007

**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 Philisophy 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 names and category of Directors on the Board as on 31st March, 2007 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 2006-07 and also at the last AGM held is given below :

Name of the 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
Promoter Executive Directors					
1. Shri Narayanbhai G. Patel MD	7	Present	-	-	-
2. Shri Devidas G. Narumalani #	7	Present	-	-	-
Executive Directors					
3. Shri Narendra G. Patel #	7	Present	-	-	-
4. Shri Prakash N. Patel #		Present	-	-	-
Non – Executive Directors					
5. Shri Natwarlal J. Patel	7	Absent	-	-	-
6. Shri Umakant G. Majmudar	6	Absent	-	-	-
7. Shri Bhupendra J. Patel	7	Absent	-	-	-
9. Shri H. I. Shah	7	Absent	-	-	-

MD – Managing Director

WTD – Whole Time Director,

During the financial year 2006-07, Seven Board Meetings were held Viz. on 18th April, 2006, 30th June, 2006, 29th July, 2006, 31st October, 2006, 16th December, 2006, 6th January, 2007 and 30th January, 2007.

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

3. AUDIT COMMITTEE

The audit committee was constituted on 30th March, 2003 which comprises three independent Non – executive Directors viz. Shri Umakant G. Majmudar (Chairman), Shri Bhupendra J. Patel, Shri Natwarlal J. Patel and one Executive Director Shri Narayanbhai G. Patel as members. The

terms of reference of Audit Committee are to cover the matters specified under Clause 49 of the Listing Agreement and in Section 292A of the Companies Act, 1956 and the functions of the Committee that inter alia include the overview of the Company's financial reporting processes, review of the half yearly and yearly financial statements, review of adequacy of internal control system, review of the financial and risk management policies and review of significant findings and adequacy of internal audit function cover.

4. REMUNERATION COMMITTEE

The Board of the Company has constituted Remuneration Committee as per Clause 49 of the Listing Agreement on 30th March, 2003 which comprises of three independent and Non – executive Directors Viz. ; Shri Umakant G. Majmundar, as the Chairman of the Committee and Shri Bhupendra J. Patel and Shri Natwarlal J. Patel as members 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. At present, the terms of remuneration of Executive Directors are appraised by the shareholders at the General Meeting. The Committee has been asked to review the remuneration payable to Executive Directors in line with the industry levels. No sitting fees, remuneration or stock options have been offered to the Non- executive Directors.

DETAILS OF REMUNERATION PAID TO MANAGING DIRECTORS / WHOLE TIME DIRECTORS DURING THE FINANCIAL YEAR 2006-07 IS GIVEN BELOW :

(in Rupees)

NAME OF DIRECTOR	REMUNERATION	SITTING FEES	TOTAL
Shri Narayanbhai G. Patel	7,72,800/-	NIL	7,72,800/-
Shri D.C. Narumalani	7,72,800/-	NIL	7,72,800/-
Shri Narendra G. Patel	7,72,800/-	NIL	7,72,800/-
Shri Prakash N. Patel	7,72,800/-	NIL	7,72,800/-

5. INVESTORS' GRIEVANCE COMMITTEE

In compliance with the Corporate Governance Code, the Company has constituted the Investors' Grievance Committee on 30th Mach, 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 Meetings from time to time. The Committee oversees the performance of M/S. Pinnacle Shares Registry Pvt. Ltd., the 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 and 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 Umakant G. Majmundar & Shri Bhupendra J. Patel and Chairman & Managing Director Shri Narayanbhai G. Patel, as members. Mr. K. R. Shah acts as compliance Officer for the Committee. The Committee meets now at every month to approve transfer and also to consider shareholders complaints.

During the year six 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 2006-07 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 Passed	Date and Time	Venue	Special Resolution
2003-04 12th AGM	25th September, 2004 at 10.00 A.M.	805-806, Rakanpur- 382 721, Via. : Sola – Bhadaj Village, Tal. : Kalol, Dist. Gandhinagar, Gujarat.	Yes
2004-05 13th AGM	24th September, 2005 at 10.00 A.M.	805-806, Rakanpur- 382 721, Via. : Sola – Bhadaj Village, Tal. : Kalol, Dist. Gandhinagar, Gujarat.	No
2005-06 14th AGM	23rd September, 2006 at 10.00 A.M.	805-806, Rakanpur- 382 721, Via. : Sola – Bhadaj Village, Tal. : Kalol, Dist. Gandhinagar, Gujarat.	Yes

No Extra Ordinary General Meeting was held during last three years. The Company has passed through Postal Ballot Ordinary Resolution under Section 293(1)(a) authorizing the Board the Board for sale, lease or creating such mortgage and/or charge up to Rs.50/- Crores and Passed Special Resolution under Section 146(2) of the Companies Act, 1956 for shifting of Registered Office of the Company from Rakanpur to Ahmedabad. Mr. Ashish C. Doshi, Company Secretary appointed as the Scrutinizer and both the resolutions were passed by 601506 votes in favour and nil vote against the resolution. The result of the same was announced on 23rd September, 2006 at the 14th Annual General Meeting of the Company.

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 Exchanges in terms of the requirements of Clause 41 of the Listing Agreement. These were published in the newspaper as per the prescribed guidelines. The results are not displayed on website and are not sent individually to the shareholders. The Management Discussion & Analysis Report forms a part of this Annual Report.

9. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting :

Date : Friday, the 28th September, 2007

Time : 10.00 a. m.

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

- 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 three months of the year, whenever possible.

- Book Closure Date(s)** : Monday the 17th September, 2007 to Friday, the 28th September, 2007 (both days inclusive).

- Listing on Stock Exchange** : The equity shares of the company is 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 2006-07 to the Bombay Stock Exchange Ltd., Mumbai.

- 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 2006-07 is furnished below :

Month	High Price (Rupees)	Low Price (Rupees)
April 2006	31.70	23.05
May 2006	34.20	23.60
June 2006	27.05	19.40
July 2006	27.00	22.00
August 2006	25.75	22.25
September 2006	40.45	23.50
October 2006	35.10	26.00
November 2006	30.40	21.15
December, 2006	51.50	24.10
January, 2007	46.50	33.65
February, 2007	57.90	32.20
March, 2007	41.20	31.65

- 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 with effect from 1st April, 2003, Which provides all shareholders related services : **M/S. Pinnacle Shares Registry Pvt. Ltd.**, Near Ashoka Mills, Naroda Road, Ahmedabad – 380 025, Phone Nos. : (079) 22204226 / 22200582 / 22200338, Fax No. (91) (079) 22202963. E-mail Address : investor.service@psrpl.com

- h) Share Transfer System :** The transfer of shares in physical form is processed and completed by M/S. Pinnacle Shares Registry 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 31st March, 2007

Nos. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 500	3075	81.95	462639	9.13
501 to 1000	275	7.33	228292	4.50
1001 to 2000	126	3.36	193304	3.81
2001 to 3000	58	1.55	150121	2.96
3001 to 4000	67	1.79	248284	4.90
4001 to 5000	28	0.74	135421	2.67
5001 to 10000	52	1.39	343149	6.77
10001 and Above	71	1.89	3309030	65.26
Grand Total	3752	100.00	5070240	100.00

(b) Category of Equity Shareholders as on 31st March, 2007

Particulars	Nos. of Holders	% of Total	Nos. of Shares held	% of Total
Promoters (Directors & Relatives)	71	1.89	1938028	38.22
Bodies Corporates	110	2.93	712212	14.05
NRI / OCB	14	0.37	3702	0.07
Public	3557	94.81	2416298	47.66
Grand Total	3783	100.00	5070240	100.00

- i) **Dematerialisation of Shares** : The Company's shares are under demat mode. The ISIN No. of the Company is INE082C01024. Members who are desirous of holding their shares in demat form are requested to apply to their Depository Participants in prescribed demat requisition form along with original share certificates. About 69.66% of the total equity capital of the Company is held in demat form as on 31st March, 2007.
- j) **Plant Location(s)** : The Company's two manufacturing units are at Rakanpur & Project Division are as under :
- | | | |
|------------------------|-----------------------------|-----------------------------|
| Unit – III | Unit – IV | Project Division |
| Plot 805-806, Rakanpur | Plot No. 807 -810, Rakanpur | 5th Floor, Kalpana Complex, |
| Tal. : Kalol | Tal. : Kalol | Nr. Memnagar Fire Station |
| Dist. Gandhinagar | Dist. Gandhinagar | Navrangpura, Ahmedabad - 9. |
- k) **Address for Correspondence** : For both physical & Electronic form :
 M/S. Pinnacle Shares Registry Pvt. Ltd.
 Regd. Office : Near Asoka Mills
 Naroda Road, Ahmedabad – 380 025.
 Phone Nos. (079) 22204226 / 22200582 / 22200338
 Fax No. (079) 22202963, E-mail address : investor.service@psrpl.com
- l) For any assistance regarding dematerialization of shares, share transfers, transactions, change of address, non-receipt of dividend or any other query, relating to shares :
 Patels Airtemp (India) Ltd.
 Regd. Office : 5th Floor, Kalpana Complex,
 Nr. Memnagar Fire Station, Navrangpura,
 Ahmedabad – 380 009.
 Ph. No. : 079 – 27913694/95/96, 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.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
 The Members,
 Patels Airtemp (India) Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Patels Airtemp (India) Limited for the year ended on 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on financial statements of the Company.

In our opinion and to the best of our information and accordingly to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders' / Investors' Grievance Committee.

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

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD
 DATE : 29-6-2007

Hiten M. Parikh
 PARTNER

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, 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.).

EXPORT PERFORMANCE

During the year under review the company has affected exports to the tune of Rs. 98.31 lacs. The Company is expected to perform better results in the exports in the year 2007-08 compared to the exports achieved during the year 2006-07.

FUTURE OUTLOOK

The company is slowly and gradually tries to tap the new business opportunities in the new projects which are being implemented. To maintain the pace of growth in the coming years, the company has put the challenges before and is confident of meeting the same by offering the best in terms of quality products and prompt after sales service.

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

The industry is facing stiff competition from big players who are producing on large scale production and have the advantage of economise 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 due to improvement in the economic scenario and overall growth of the industries due to good rain and all round growth of other sectors.

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 42.06 crores of order on hand to be executed. Your Directors are confident of achieving 25% increase in the turnover of the company in the financial year 2007-08 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 175 employees working with them as on 31st March, 2007 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.



AUDITORS' REPORT

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

- 1) We have audited the attached Balance Sheet of **M/s PATELS AIRTEMP (INDIA) LIMITED** as at 31st March 2007 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 **Subject to Note No.1(xiic) of schedule 21 regarding non provision of Leave Encashment** 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, 2007 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 2007 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, **subject to Note No.1(xiic) of schedule 21 regarding non provision of Leave Encashment as required by AS 15 issued by Institute of Chartered Accountants of India & Consequential effects on the profits of the company and cumulative effects on the liability of the company (amount not quantifiable)** 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, 2007 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
HITEN M. PARIKH
PARTNER
M. No. : 40230

PLACE : AHMEDABAD
DATE : 29/06/2007

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) No Fixed Assets have been disposed off during the year and therefore do not affect Going Concern Assumption.
- 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 procedure of physical verification of inventories followed by the management was 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) During The year the Company has granted inter corporate loans / deposits to two parties covered under register maintained u/s 301 of the Companies Act,1956 [one is interest free (maximum amount involved during the year is Rs. 14,62,548/- and the year end balance from such party was Rs. 14,62,548/-) and other is interest bearing (maximum amount involved during the year is Rs 30,00,000/- and the year end balance from such party was Rs 27,88,082/-)].
 - b) Since in the opinion of the management, the balances of the aforesaid party is subject to confirmation pending reconciliation of the account post demerger and therefore, it was not feasible to charge the interest for the said company. Subject to above, in our opinion the terms and conditions on which interest bearing Inter Corporate Loan granted to Companies firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
 - c) The Loan granted by the Company is repayable on demand and therefore the question of over due amount does not arise
 - d) The company has taken Unsecured Loan from one party covered under register maintained u/s 301 of the Companies Act,1956 maximum amount involved during the year is Rs 71,38,800 and the year end balance from such party was Rs. Nil.
 - e) In our opinion the terms and conditions on which Inter Corporate Loan taken from Companies firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
 - f) The Loan taken by the Company is repayable on demand and therefore the question of 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) a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies act, 1956 have been so entered.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi) The Company has not accepted any deposit from the public.
- 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, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess & Other Statutory dues have been generally regularly deposited during the year with the appropriate authorities. According to the information & explanation given to us, no un-disputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2007 for a period of more than six months from the date of becoming payable.
b) The Company has no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during 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 financial Institutions & Banks.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of share, debenture and other security.
- xiii) According to the information & explanations given to us, the company is not a chit fund or a nidhi /mutal 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) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) On the basis of information and explanations given to us and on the basis of over all examination of the Balance Sheet and the Cash flow Statement of the Company, we report that no funds raised on short term basis have been used during the year for long term investments.
- xviii) The Company has not made any Preferential allotment of shares during the year under review.

**FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

**HITEN M. PARIKH
PARTNER
M. No. : 40230**

**PLACE : AHMEDABAD
DATE : 29/06/2007**

BALANCE SHEET AS AT 31ST MARCH, 2007

(A) SOURCES OF FUNDS	SCH.	As at 31.03.2007 (Rupees)	As at 31.03.2007 (Rupees)	As at 31.03.2006 (Rupees)	As at 31.03.2006 (Rupees)
1. Shareholder's Funds					
a) Share Capital	1	50,702,400		50,702,400	
b) Reserves and Surplus	2	71,474,330	122,176,730	52,028,997	102,731,397
2. Loan Funds					
a) Secured Loans	3	42,906,019		55,821,648	
b) Unsecured Loans	4	-	42,906,019	1,731,691	57,553,339
3. Deferred Tax Liability (Refer note 5 of Sch 21)			14,448,923		14,467,757
CAPITAL EMPLOYED			179,531,672		174,752,493
(B) APPLICATION OF FUNDS					
1. Fixed Assets	5				
a) Gross Block		130,610,374		121,662,430	
b) Less : Depreciation		52,765,303		46,704,885	
c) Net Block		77,845,071		74,957,545	
d) Capital Work in Progress		1,304,276	79,149,347	782,083	75,739,628
2. Investments	6		280,000		280,000
3. Current Assets, Loans & Advances					
a) Inventories	7	40,000,701		54,226,748	
b) Sundry Debtors	8	102,898,111		97,375,448	
c) Cash & Bank Balances	9	19,728,926		16,843,197	
d) Other Current Assets	10	457,373		165,319	
e) Loans & Advances	11	16,782,128		14,843,773	
		179,867,239		183,454,485	
Less: Current Liabilities & Provisions	12				
a) Current Liabilities		72,857,570		84,616,866	
b) Provisions		7,540,680		1,284,000	
		80,398,249		85,900,866	
Net Current Assets			99,468,990		97,553,619
4. a) Miscellaneous Expenditure [to the extent not written off or adjusted]	13		633,335		1,179,246
EMPLOYMENT OF CAPITAL			179,531,672		174,752,493

Notes forming part of Accounts : 21

As per our report of even date attached
FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

HITEN M. PARIKH
PARTNER

M.No. : 40230
DATE : 29-06-2007
PLACE : AHMEDABAD

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

PRAKASH N. PATEL
DIRECTOR

DATE : 29-06-2007
PLACE : RAKANPUR



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

	SCH.	Year ended 31-03-2007 (Rupees)	Year ended 31-03-2006 (Rupees)
1. INCOME			
a) Gross Income from Operations	14	466,501,376	336,310,664
Less : Excise Duty		58,530,099	36,714,811
Net Sales		407,971,277	299,595,853
b) Increase/(Decrease) in stock	15	(8,514,197)	(16,194,937)
c) Other Income	16	4,810,040	3,474,197
TOTAL :-		404,267,120	286,875,113
2. EXPENDITURE			
a) Materials consumed	17	248,768,764	172,664,105
b) Manufacturing Expenses	18	71,095,195	59,148,330
c) Selling and Administration Expenses	19	29,970,867	18,520,960
d) Interest & Financial charges	20	11,910,373	11,964,387
TOTAL :-		361,745,199	262,297,782
3. Net Profit Before Depreciation & Taxation		42,521,921	24,577,331
4. Depreciation		6,060,418	5,585,457
5. Profit Before Taxation		36,461,503	18,991,874
6. Provision for Taxation - Current tax		10,400,000	5,737,000
-Fringe Benefit Tax		245,680	366,000
- Deferred Tax		(18,834)	(476,550)
- Wealth Tax		8,500	0
Short /(Excess) Provision of Earlier Year W/O/WB		157,905	(664,430)
7. Profit After Tax		25,668,252	14,029,854
8. Less :Prior period Adjustments (Refer note no. 16 of Sch. 21.)		290,739	225,107
9. Profit for the year		25,377,513	13,804,747
10. Balance brought forward from Previous Year		50,528,997	36,724,250
		75,906,510	50,528,997
11. Less : Appropriations			
Corporate Dividend Tax		861,940	0
Proposed Dividend		5,070,240	0
Transfer to General Reserve		5,500,000	0
Balance Carried to Balance Sheet		64,474,330	50,528,997
Basic and Diluted EPS (Price Per Share Rs 10) (Refer Note No 6 of Scheudle 21)		5.01	2.72
Notes forming part of Accounts 21			

As per our report of even date attached
FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

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

HITEN M. PARIKH
PARTNER

PRAKASH N. PATEL
DIRECTOR

M.No. : 40230
DATE : 29-06-2007
PLACE : AHMEDABAD

DATE : 29-06-2007
PLACE : RAKANPUR

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31-3-2007 (Rupees)	As at 31-3-2006 (Rupees)
SCHEDULE - 1 : SHARE CAPITAL		
Authorised Capital:		
70,00,000 (P. Y. 70,00,000) Equity Shares of Rs. 10/- each	70,000,000	70,000,000
Issued, Subscribed & Paid Up		
50,70,240 (P. Y. 50,70,240) Equity Shares of Rs. 10/- each fully paid up (Refer Note No.8 of Schedule 21.)	50,702,400	50,702,400
TOTAL :-	<u>50,702,400</u>	<u>50,702,400</u>
SCHEDULE - 2 : RESERVE & SURPLUS		
General Reserve		
Opening Balance	0	0
Add: Transfer from Profit & Loss Account	5,500,000	0
	<u>5,500,000</u>	<u>0</u>
Surplus in Profit and Loss A/c	64,474,330	50,528,997
Capital Investment Subsidy	1,500,000	1,500,000
TOTAL :-	<u>71,474,330</u>	<u>52,028,997</u>
SCHEDULE - 3 : SECURED LOANS		
- From Financial Institutions/Banks		
Term Loan from Industrial Development Bank of India (IDBI).	23,203,000	30,622,000
Working capital facilities from Bank of Baroda (BOB)	17,137,948	24,515,954
- From Others		
Vehicles acquired under hire purchase scheme are secured against vehicles purchased under the agreement [Refer Note No.7 of schedule 21]	2,565,071	683,694
TOTAL :-	<u>42,906,019</u>	<u>55,821,648</u>
SCHEDULE - 4 : UNSECURED LOANS		
Inter Corporate Deposits	0	1,731,691
[Includes dues to Company in which directors of the Company are Interested Rs Nil/- (P.Y Rs1731691)]		
TOTAL :-	<u>0</u>	<u>1,731,691</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)		Total as on 31-03-2007 (Rs.)	Balance as at 01-04-2006 (Rs.)	For the Year (Rs.)	DEPRECIATION		NET BLOCK	
	Op. Bal. as at 01-04-2006 (Rs.)	Adjustments during year (Rs.)				Additions during the year (Rs.)	Deductions during the year (Rs.)	Total as on 31-03-2007 (Rs.)	As on 31-03-2007 (Rs.)
Goodwill	37,040	-	37,040	-	-	-	-	37,040	37,040
Land	2,642,034	-	2,642,034	-	-	-	-	2,642,034	2,642,034
Buildings	29,260,760	301,030	29,561,790	9,617,155	984,409	-	10,601,564	18,960,226	19,643,605
Plant & Machinery	74,749,118	4,063,721	78,812,839	29,779,860	3,668,524	-	33,448,384	45,364,455	44,969,258
Electrical Installation	3,885,398	5,400	3,890,798	1,784,289	184,813	-	1,969,102	1,921,696	2,101,109
Furniture, Fixtures & Office Equip.	7,268,575	1,404,015	8,672,590	4,421,244	744,029	-	5,165,273	3,507,317	2,847,331
Vehicles	3,819,505	3,173,778	6,993,283	1,102,337	478,643	-	1,580,980	5,412,303	2,717,168
TOTAL :-	121,662,430	8,947,944	130,610,374	46,704,885	6,060,418	-	52,765,303	77,845,071	74,957,545
P.Y	118,331,415	3,448,448	121,662,430	41,173,045	5,585,455	53,615	46,704,885	74,957,545	77,158,369

SCHEDULE :- 6 INVESTMENTS (AT COST)

	Face Value (Rupees)	As at 31-03-2007 (Rupees)	As at 31-03-2006 (Rupees)
QUOTED			
(I) 14,000 Equity Shares of M/s. Gujarat State Financial Corporation of Rs.10/- each (Market Value not available P.Y Rs 2,03,700/-)	140,000	280,000	280,000
TOTAL :-	<u>140,000</u>	<u>280,000</u>	<u>280,000</u>

NOTE :- 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.

	As at 31-3-2007 (Rupees)	As at 31-3-2006 (Rupees)
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SCHEDULE - 7 : INVENTORIES

(As taken, valued and certified by a Director)

Raw materials [Including Goods In Transit of Rs. 8177913 (P. Y. Nil)]	31,058,333	36,770,183
Work in progress	8,631,072	15,287,185
Finished Goods	311,296	2,169,380
TOTAL :-	<u>40,000,701</u>	<u>54,226,748</u>

SCHEDULE - 8 : SUNDRY DEBTORS

(Unsecured, Considered goods)

Debts due for a period exceeding Six months	24,223,712	31,541,594
Other Debts	78,674,399	65,833,854
TOTAL :-	<u>102,898,111</u>	<u>97,375,448</u>

SCHEDULE - 9 : CASH AND BANK BALANCES

Balance with Scheduled Banks

- In Current Account	8,815,745	7,565,279
- In Margin Money Account	10,368,146	8,731,146
- In Dividend Account	120,657	192,687
Cash on hand	424,378	354,085
TOTAL :-	<u>19,728,926</u>	<u>16,843,197</u>

SCHEDULE - 10 : OTHER CURRENT ASSETS

(Unsecured, Considered goods)

Interest Receivable	457,373	165,319
TOTAL :-	<u>457,373</u>	<u>165,319</u>



	As at 31-3-2007 (Rupees)	As at 31-3-2006 (Rupees)
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SCHEDULE - 11 : LOANS & ADVANCES

(Unsecured, Considered goods)

Advances recoverable in cash or in kind or for value to be received	9,449,444	8,760,945
Deposits	1,644,699	1,749,985
Advances to suppliers	1,436,594	2,870,295
Intercorporate Deposits	4,250,630	1,462,548
(Includes dues from Company in which directors of the Company are interested Rs 4250630 [P.Y. Rs1462548])		
Fringe Benefit Tax (Net of Advance Tax Paid)	761	0
TOTAL :-	<u>16,782,128</u>	<u>14,843,773</u>

SCHEDULE - 12 : CURRENT LIABILITIES & PROVISIONS

I) Current liabilities

Creditors for goods	36,731,209	52,647,635
Creditors for expenses	7,894,434	6,742,713
Creditors for Others	1,152,995	1,163,573
Creditors for capital expenditure	10,420	32,245
Statutory Liabilities	2,242,301	4,102,781
Advances from customers	24,665,264	19,693,632
Share Application Money (Refundable)	38,500	38,500
Unclaimed Dividend	122,447	195,787
Sub-Total (I)	<u>72,857,570</u>	<u>84,616,866</u>

II) PROVISIONS

For Taxation (Net of Advance Tax Paid)	1,600,000	1,237,000
For Proposed Dividend	5,070,240	0
For Corporate Dividend Tax	861,940	0
For Wealth Tax	8,500	0
For Fringe Benefit Tax (Net of Advance Tax Paid)	0	47,000
Sub-Total (II)	<u>7,540,680</u>	<u>1,284,000</u>
TOTAL (I+II)	<u>80,398,249</u>	<u>85,900,866</u>

SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

NPV of Interest Differential

- Opening Balances	1,179,246	1,117,914
Addition : during the year	0	797,151
Less : Written off during the year	545,911	735,819
TOTAL	<u>633,335</u>	<u>1,179,246</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	YEAR ENDED On 31-3-2007 (RUPEES)	YEAR ENDED On 31-3-2006 (RUPEES)
SCHEDULE - 14 : GROSS INCOME FROM OPERATIONS		
SALES		
- Domestic	454,746,166	308,203,096
- Export	9,830,611	16,739,463
Sub Total (a)	<u>464,576,777</u>	<u>324,942,559</u>
PROCESSING CHARGES		
[TDS Rs. 112205/-, (P.Y.Rs146833/-)]	1924599	11,368,105
Sub Total (b)	<u>1,924,599</u>	<u>11,368,105</u>
TOTAL : (a+b)	<u><u>466,501,376</u></u>	<u><u>336,310,664</u></u>

SCHEDULE - 15 : INCREASE / (DECREASE) IN STOCK

Closing Stock

- Finished Goods	311,296	2,169,380
- Work - in - Progress	8,631,072	15,287,185
Sub - Total (i)	<u>8,942,368</u>	<u>17,456,565</u>

Opening Stock

- Finished Goods	2,169,380	1,243,472
- Work - in - Progress	15,287,185	32,408,030
Sub - Total (ii)	<u>17,456,565</u>	<u>33,651,502</u>
TOTAL (i - ii) :-	<u><u>(8,514,197)</u></u>	<u><u>(16,194,937)</u></u>

SCHEDULE - 16 : OTHER INCOME

- Interest		
On Fixed Deposit with Banks	615,821	268,809
[TDS Rs 177790/- (P.Y. Rs 45864./-)]		
from other	94,349	-
- Misc. Receipts	4,099,870	3,205,388
TOTAL :-	<u><u>4,810,040</u></u>	<u><u>3,474,197</u></u>

SCHEDULE - 17 : RAW MATERIALS CONSUMED

Opening Stock	36,770,183	22,036,390
Add : Purchases [Including Trading Purchase]	243,056,914	187,397,898
	<u>279,827,097</u>	<u>209,434,288</u>
Less : Closing Stock	31,058,333	36,770,183
[Note: Closing Stock [Including Goods In Transit of Rs. 8177913 (P. Y. Nil)]		
TOTAL	<u><u>248,768,764</u></u>	<u><u>172,664,105</u></u>



	YEAR ENDED On 31-3-2007 (RUPEES)	YEAR ENDED On 31-3-2006 (RUPEES)
SCHEDULE - 18 : MANUFACTURING EXPENSES		
Stores & Tools Consumed		
Opening Stock	-	-
Add : Purchases	13,222,348	10,504,820
	<u>13,222,348</u>	<u>10,504,820</u>
Less : Closing Stock	-	-
Sub - Total (a)	<u>13,222,348</u>	<u>10,504,820</u>
Employee's Emoluments		
Salaries, Wages & Bonus	9,856,197	8,352,058
Director's Remuneration	2,770,500	2,080,000
Key Men Insurance Exp.	1,496,783	1,495,956
Contribution to P.F., Gratuity & Other Funds	1,032,046	1,073,413
Welfare Expenses	673,825	603,238
Sub - Total (b)	<u>15,829,351</u>	<u>13,604,665</u>
Repairs & Maintenance		
To Plant & Machinery	2,255,613	1,385,317
To Building [including office building]	838,671	151,455
To Others	942,649	1,270,186
Sub - Total (c)	<u>4,036,933</u>	<u>2,806,958</u>
Other Manufacturing Expenses		
Power & Fuel	3,278,536	2,807,751
Provision of Excise duty on closing stock of Finished Goods	(260,327)	304,369
Freight & Handling Charges	3,693,732	4,198,732
Packing Material Consumed	816,370	678,593
Labour Charges	26,566,015	20,253,987
Factory Expenses	3,912,237	3,988,455
Sub - Total (d)	<u>38,006,563</u>	<u>32,231,887</u>
TOTAL (a+b+c+d)	<u>71,095,195</u>	<u>59,148,330</u>
SCHEDULE - 19 : SELLING AND ADMINISTRATION EXPENSES		
Rent, Rates & Taxes	635,793	485,615
Printing & Stationery Exp.	686,355	694,285
Postage Exp.	339,558	269,279
Insurance Exp.	209,520	257,229
Telephone Exp.	1,014,909	960,557
Auditor's Remuneration	44,896	44,080
Travelling, Conveyance & Vehicle Exp.	3,648,356	3,856,805
Legal & Professional Charges	1,933,748	1,741,240
Advertisement & Publicity Exps.	576,306	254,010
Selling & Distribution Exps.	3,550,279	2,509,396
General Expenses	1,595,270	1,416,191
Sales Tax Exp.	332,009	31,110
Balances Written off	15,403,868	5,937,434
Loss on Sale of Fixed Asset	-	63,729
TOTAL :-	<u>29,970,867</u>	<u>18,520,960</u>
SCHEDULE - 20 : INTEREST & FINANCE CHARGES		
Interest on Term Loan	3,130,733	3,882,349
Interest on Working Capital	3,462,333	3,450,559
Interest to Others	384,642	316,505
Foreign Exchange Fluctuation Loss (Net)	16,458	18,837
Premium on Int. reduction written off	545,911	735,819
Other Finance Charges	4,370,296	3,560,318
TOTAL :-	<u>11,910,373</u>	<u>11,964,387</u>

1. SIGNIFICANT ACCOUNTING POLICIES

i) METHOD OF ACCOUNTING

The financial statements are prepared under historical cost convention method and are in accordance with normally accepted Accounting Principles.

ii) RECOGNITION OF INCOME & EXPENDITURE

Revenues/Incomes and costs (except Leave Encashment) /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. Income on investments is accounted on receipt basis.

iii) EXCISE DUTY

Excise Duties recovered are included in the sale of products. Excise duties in respect of Finished Goods lying in stock are shown separately as an item of Other Manufacturing Expenses and included in the valuation of finished goods.

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

Long Term Investments are stated at cost of acquisition.

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 in respect of Capital Work In Progress.
- (d) No depreciation has been provided on self generated intangible assets.

viii) FOREIGN CURRENCY TRANSACTIONS

Transactions in the foreign currency are recorded at the rate of exchange in force at the time of occurrence of transactions. Gain or Loss due to fluctuation in exchange rate is dealt with through P & L A/C. Monetary Assets & liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year end rate. The difference in transactions of monetary Assets & Liabilities & related gains or losses on foreign exchange transactions are recognized in the Profit & Loss Account. The exchange differences related to acquisition of Fixed Assets are adjusted in carrying cost of related Fixed Assets as per Schedule VI of the Companies Act, 1956.

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, fringe benefit tax (FBT) 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.
- Provision for FBT is made on the basis of fringe benefit provided / deemed to have been provided during the year at the rates and values 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) MISCELLANEOUS EXPENDITURE

Net present value of interest rate differential amounts payable to financial institution upon the reduction of rate of Interest below the contracted rate is considered as Deferred Revenue Expenditure and the same is written off over the balance repayment period on the basis of benefits accrued for the financial relevant year.

xii) RETIREMENT BENEFITS

a) Gratuity

The Company has taken a group gratuity-cum-life Insurance policy from Life Insurance Corporation of India. Gratuity is debited to Profit & Loss Account on the basis of premium paid on the above policy.

b) Provident fund

Contribution to Provident fund is accounted on accrual basis.

c) Leave Encashment

Leave Encashment is accounted for as and when paid and to that extent there is a contravention of Accounting Standard 15, which has become mandatory. However the quantum of leave Encashment payable is not worked out and therefore it is not possible to quantify the effect of the same on profit and loss account.

xiii) CONTINGENT LIABILITES/ CONTINGENT ASSETS

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

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:

(Rs in lacs)

	As at 31/03/2007	As at 31/03/2006
Outstanding Bank Guarantees	666.79	580.59
Out standing Foreign Letter of Credit	77.42	87.98

3. RELATED PARTY INFORMATION

The company has transactions with following related parties

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

Name of Party	Nature of relationship	Nature of Transaction	Transactions during the year (in Rs.)	Balance at the end of the year
Narayanbhai G. Patel	Chairman & M.D	Remuneration & Contribution to funds	772800 (582400)	Nil
Narendrabhai G. Patel	Director	— do —	772800 (582400)	Nil
D.C.Narumalani	Director	— do —	772800 (582400)	Nil
Prakash N. Patel	Director	— do —	772800 (582400)	Nil
Sunrise Fintrade Pvt. Ltd.	Associate Concern	Loan given Loan Repaid	(Nil) (1920000) (Nil) (5820000)	1462548 (1462548)
Themflow Engineers Pvt. Ltd.	Associate Concern	Interest Accrued but paid	211918 (68691)	
		Loan taken	7500000 (2138000)	— (1731691)
		Loan Repaid	12706691 (2800878)	
		Loan Given	2788082 (Nil)	2788082 (Nil)

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

5. DEFERRED TAX

The break up of net deferred tax liability as at 31st March, 2007 is as under :

	31-03-07 (Amt. In Rs.)	31-03-06 (Amt. In Rs.)
Deferred Tax Assets		
-Unabsorbed Capital Loss	125711	124490
Sub Total (A) :-	125711	124490
Deferred Tax Liabilities		
- Depreciation difference	14574635	14592247
Sub Total (B) :-	14574635	14592247
Net Deferred Tax Assets /(Liabilities) TOTAL (A-B)	(14448924)	(14467757)

6. EARNING PER SHARE

	31-03-2007	31-03-2006
- Net Profit for the year	25377512	13,804,747
- Number of Equity Shares	5070240	5070240
Basic & Diluted Earning per Share (Price per share Rs. 10)	5.01	2.72

7. SECURED LOANS
a) Term Loan from IDBI.

Term loan from IDBI is secured by first mortgage/ hypothecation on the movable and immovable properties (both present and future) of the company's plant at Block No 805,806,807,810 at Rakanpur District: Gandhinagar subject to prior charge created/ to be created on specified movables (both present & future) in favour of the company's bankers for working capital requirements. The loan is also secured by personal guarantee of Promoter, Directors of the Company and also by way of Pledge of Company's shares held by Promoters having face value of Rs.40.00 Lacs. The loan is further secured by second charge on current assets of the company subject to prior charges of the Bankers of the company for their working capital facilities.

b) 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 second mortgage and charge on company's all other immovable and movable properties situated at Rakanpur (both present and future) and also first charge on plot no 811 as collateral security and is also personally guaranteed by the Promoters of the company.

- 8.** Vatva Division of the Company is demerged from the company effective from 21st September, 2001 pursuant to Gujarat High Court Order dated 28.8.2003 sanctioning the scheme of arrangement under the provisions of section 391 and 394 of the Companies Act, 1956.

As per the scheme of arrangement, one share of Patels Airflow Limited each of Rs.10 fully paid up has been issued against four equity shares of Rs.10 to the shareholders of the Company. Consequent upon the issue of one share of Patels Airflow Limited, the value of the share of the Company is reduced to Rs.7.50 per share. After the demerger the company has consolidated the face value of its share of Rs.10 and accordingly against every four equity shares of Rs.7.50 fully paid up, three shares each of Rs.10 fully paid is issued and the resultant share capital of the company after demerger is 5070240 equity shares each of Rs.10 fully paid up.

Further the face value of the shares of the company (PAT) was reduced to Rs.7.5 per share and then after consolidated it into shares of Rs.10/-. As a result, the capital of the company is reduced to Rs.5,07,02,400/-.

- 9.** According to information and explanations given to us, the company has no information as to whether any of its suppliers constitute Small Scale Industrial Undertaking and therefore amount due to such supplier has not been identified.
- 10.** In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realised 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.
- 11.** Balances of Sundry debtors, Creditors and loans and advances are subject to confirmation from respective parties.

12. Inventories of finished goods costing around Rs. 3.11 Lacs (P.Y Rs 12.43 lacs) are non-moving in nature. However, the management is of the view that they are in good condition and are realizable in ordinary course of business and therefore, no provision is considered necessary in respect of the said non-moving inventories.
13. The recoveries in respect of certain receivables have become sticky/disputed. However, the company has taken appropriate steps including initiation of legal proceedings wherever required for the purpose of recovery of such sticky book debts. Since the company is fairly confident of successfully recovering majority of the said sticky debts, the company has not considered it necessary for making any provision for doubtful debts. The recoveries of certain sticky / disputed receivables have become suspectable and in opinion of the management they becomes doubtful. The management is of the opinion that it is in the interest of the company to write off the same and also the company has taken appropriate steps including initiation of legal proceedings whenever required.

14. MANAGERIAL REMUNERATION

	Year 2006-07 (Rs.)	Year 2005-06 (Rs.)
a) Salaries	27,60,000	20,80,000
b) Contribution to Gratuity & other funds	3,31,200	2,49,600
TOTAL :-	30,91,200	23,07,200

15. AUDITOR'S REMUNERATION

	Year 2006-07 (Rs.)	Year 2005-06 (Rs.)
a) Audit Fees	34396	33580
b) Tax Audit Fees	8500	8500
c) Taxation Matters	2000	2000

16. PRIOR PERIOD ADJUSTMENTS

Particulars	As At 31/03/2007 Rupees	As At 31/03/2006 Rupees
Net Operating Expenses/(Income)	2,90,739	2,25,107

17. 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, Window/split Acs, Air cooled Heat Exchanger, finned Tube/Fine Tube Bundle/elements.	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.



PRODUCTION TURNOVER AND STOCKS

	OPENING STOCK		PRODUCTION		TURNOVER	CLOSING STOCK	
	QTY	Value	QTY	QTY	Value	QTY	Value
	Nos./	W/out E.D.	Nos./sets	Nos./sets	(Rs.)	Nos./	With E.D.
	Sets	(Rs.)				Sets	(Rs.)
Industrial Fan & Accessories	2 Nos (2)	16285 (16285)	39 Nos (7)	39 Nos (7)	796468 (602496)	2 Nos (2)	4708 (16285)
Heat Exchanger	11 Nos (8)	1157121 (279298)	480 1 Lot 11 Set (767 Nos) (4 Sets)	483 Nos 1 Lot 11 Set (764 Nos) (4 Sets)	177445231 (93122220)	8 Nos (11)	57885 (1157121)
Steam Coil/ Heaters	-	-	35 Nos 1 Set (61 Nos)	35 Nos 1 Set (61 Nos)	18265040 (18988531)	-	-
Air Conditioning & Refrigeration	33 (33)	649910 (649910)	87 Nos 6 Sets (391 Nos) (2 Sets)	87 Nos 6 Sets (391 Nos) (2 Sets)	23467833 (48803661)	33 Nos (33)	162698 (649910)
Other plants Equipment's & Accessories	-	-	-	-	15395262 6192435(*)	-	-
Compressor & Extra Accessories Controls	1 Nos (1)	34704 (34704)	-	-	-	1 Nos (1)	8688 (34704)
Window & Split A/c.	18 Nos (18)	311360 331360	-	146 Nos* (98*)	2830581 (2531969)	18 Nos (18)	77947 (311360)
Pressure Vessels	-	-	52 Nos (85 Nos) (1 Set)	52 Nos (85 Nos) (1 Set)	62193293 (46837499)	-	-
Humidification Ventilation & Air-cooling plant Equipment	-	-	-	-	36448967* (45960234*)	-	-
Air Cooled Heat Exchanger	-	-	91 Nos (7 Nos) (17 Sets) (4 – Unit)	91 Nos (7 Nos) (17 Sets) (4 – Unit)	45214880 (25164800)	-	-
Finished/Tube / Fine T Bundle/ Elements	-	-	11823 Nos (1423 Nos)	11823 Nos (1423 Nos)	23989123 (2136760)	-	-
High efficiency / Axid flow fans	-	-	(2 Nos)	(2 Nos)	(51000)	-	-
Total :-		<u>2169380</u>			<u>406046678</u>		<u>311296</u>
P.Y. :-		<u>(1243472)</u>			<u>(290391605)</u>		<u>(2169380)</u>

- Note :**
- 1) * Quantity is Not Ascertainable.
 - 2) *Include trading sale of 146 Nos. [P.Y. 17 Nos.]
 - 3) Turnover does not includes processing charges received.

CONSUMPTION OF RAW MATERIAL [including trading goods]

Class of Materials	Unit	Year 2006-07		Year 2005-06		
		QTY	Value [Rs.]	QTY	Value [Rs.]	
I Iron & Steel	Kg.	1754990	89481067	Kg.	2111704	90562416
	Nos.	6849	28650849	Nos.	2026	4447036
ii. Non Ferrous [Copper & All Tubes]	Kg.	64934	28699778	Kg.	59970	16424812
iii. Non Ferrous Sheet/Plates [Copper & Alu. Tubes.]	Kg.	124986	30036072	Kg.	103763	17232663
iv. Electric Motors & Compressors	Nos.	188	2889104	Nos.	242	6059635
v. Pipes/Tubes	Mtrs.	302769	60844214	Mtrs.	121808	18735080
vi. Others (components)						
vii. C.I. Castings	Kg.	1808	66860	Kg.	3419	164710
viii. Air Washer Equipments			47238454			39073609
			287906398			192699960
Less : Modvat & Sales Tax set off			39137634			20035856
Total :-			248768764			172664104
P.Y.			172664104			(160708880)

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

	Year ended 31-03-2007		Year ended 31-03-2006	
	Value (Rs.)	%	Value (Rs.)	%
i) Raw material				
- Imported	7648872	3.27	5077439	3.65
- Indigenous	241119892	96.73	134064550	96.35
Total :-	248768764	100.00	139141989	100.00
PREVIOUS YEAR :	(139141989)	(100.00)	(139141989)	(100.00)
ii) Stores & Spares				
- Imported	0	0	0	0
- Indigenous	13222348	100	10504820	100
Total :	13222348	100	10504820	100
PREVIOUS YEAR :	(10504820)	(100)	(11048480)	(100)

(E) DETAILS OF TRADING GOODS PURCHASED

Trading Goods	Year ended 31-03-2007		Year ended 31-03-2006	
	Value (Rs.)	%	Value (Rs.)	%
- Imported	—	—	—	—
	(—)	(—)	(—)	(—)
-Indigenous	31229274	100	33943347	100
Total :	31229274	100	33943347	100



	Year ended 31.03.2006 (Rupees)	Year ended 31.03.2005 (Rupees)
E) C.I.F. value of Imports		
i) Raw Materials	9220829	5765510
F) Expenditure in foreign currency		
i) Subscription and Registration Fees	535248	823850
ii) Repairs to Plant & M/c.	1104275	280246
iii) Foreign Travelling Expenditure	89300	695239
iv) Technical Fees	0	0
G) Earning in foreign Exchange Value of Exports	9830611	16739463
H) Amount remitted during the year in foreign currency	Nil	Nil

18. Previous year's figures have been re-grouped/rearranged wherever necessary so as to confirm to current year's grouping.
19. 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 21 :-

PLACE :- AHMEDABAD
DATE :- 29-06-2007

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

HITEN M. PARIKH
PARTNER
M. No.: 40230

PLACE :- RAKANPUR
DATE :- 29-06-2007

FOR PATELS AIRTEMP(INDIA) LIMITED

NARAYANBHAI G. PATEL
CHAIRMAN & MANAGING DIRECTOR

PRAKASH N. PATEL
DIRECTOR

Information referred to in note - 18 of Schedule 21 to the Notes on Accounts for the year ended on 31st March, 2007

PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (AS AMENDED)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details:

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II Capital Raised During the year(Amount in Rs. Thousands)

Public Issue Right Issue
 Bonus Issue Private Placement

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets
 Sources of Funds
 Paid-up Capital Reserve & Surplus
 Secured Loans Unsecured Loan
 Deferred Tax Liability
 Application of Funds
 Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure
 + - Profit/Loss Before Tax + - Profit/Loss After Tax
 Earning per Share in Rs. Dividend @ %

V Generic Names of Three Principal Products/Services of Company

(As per Monetary Terms) Monetary terms)

Product Description	Item Code No. (ITC Code)
Shell and Tube Heat Exchangers	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/>
Industrial Fans & Blowers	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/>
Air Conditioners & Refrigeration Equipments	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>

For PATELS AIRTEMP (INDIA) LIMITED

NARAYANBHAI G. PATEL : Chairman & M. D.
PRAKASH N. PATEL : Whole Time Director

Place : Rakanpur
 Date : 29-06-2007



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

	2006-2007		2005-2006	
	RUPEES	RUPEES	RUPEES	RUPEES
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extra Ordinary Items		36,461,503		18,991,874
Adjustments for:				
Depreciation	6,060,418		5,531,842	
Interest expenses	6,977,708		7,649,413	
Interest Income	(710,170)		(268,809)	
		12,327,956		12,912,446
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
		<u>48,789,459</u>		<u>31,904,320</u>
Adjustment for:				
Trade and other receivables	(7,461,018)		(11,488,766)	
Inventories	14,226,047		1,461,144	
Trade Payable	(11,434,797)		18,796,131	
		(4,123,857)		(14,841,517)
Misc Expenses	545,911		0	
CASH GENERATED FROM OPERATIONS		<u>44,665,602</u>		<u>40,672,829</u>
Direct Taxes paid	(10,812,084)		(5,438,570)	
		(11,812,084)		(5,438,570)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		<u>33,853,517</u>		<u>35,234,259</u>
Extraordinary items:				
Prior period adjustments	(290,739)	(290,739)	(225,107)	(225,107)
NET CASH FROM OPERATING ACTIVITIES		<u>33,562,778</u>		<u>35,009,152</u>
B CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Net of Modvat benefit)	(9,470,137)		(3,777,805)	
Sale of Fixed Asset	0		89	
Interest Received	418,116		268,809	
		(9,052,021)		(3,508,907)
NET CASH USED IN INVESTING ACTIVITIES		<u>(9,052,021)</u>		<u>(3,508,907)</u>

	2006-2007		2005-2006	
	RUPEES	RUPEES	RUPEES	RUPEES
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds/(Repayment) from secured Borrowings	(7,419,000)		(6,376,000)	
Proceeds/(Repayment) from Unsecured Borrowings	(1,731,691)		(594,187)	
Proceeds from Bank borrowings for Deferred payment credits against vehicles (Net of repayment)	(7,378,006)		(12,478,506)	
Interest Paid	1,881,377		(389,459)	
	(6,977,708)		(7,649,413)	
		(21,625,028)		(27,487,565)
NET CASH USED IN FINANCING ACTIVITIES		(21,625,028)		(27,487,565)
NET INCREASE/(DECREASE) IN CASH AND CASH AND CASH EQUIVELANTS AS AT THE BEGINING OF THE YEAR		2,885,729		4,012,680
CASH AND CASH EQUIVELANTS AS AT THE CLOSING OF THE YEAR		16,843,197		4,012,680
		19,728,926		16,843,197

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

HITEN M. PARIKH
PARTNER

M.No. : 40230
DATE : 29-06-2007
PLACE : AHMEDABAD

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

PRAKASH N. PATEL
DIRECTOR

DATE : 29-06-2007
PLACE : RAKANPUR



PATELS AIRTEMP (INDIA) LIMITED

Regd. Office : 5th 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 Fifteenth 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 28th September, 2007.

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

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

PATELS AIRTEMP (INDIA) LIMITED

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

Client ID : _____

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 Fifteenth Annual General Meeting of the Company to be held on
Friday, the 28th September, 2007 at 10.00 a.m. at the Registered Office of the Company and at any
adjournment thereof.

Signed this _____ day of _____ 2007

Signature _____

Affix Revenue Stamp of 1/- Re.
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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.