

# INDIA RADIATORS LIMITED

## CHENNAI

MD	✓		BKC	✓
CS	✓		DPY	DPY
RO	✓		DIV	DPY
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

**ANNUAL REPORT**  
AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH  
**1998**

**49**



**INDIA RADIATORS LIMITED**

**CHENNAI**

**CHAIRMAN EMERITUS**

Dr. M.A. Chidambaram

**CHAIRMAN**

Shri. V. Chidambaram

**VICE-CHAIRMAN**

Shri. J.G. Masilamani

**MANAGING DIRECTOR**

Shri. N. Gnanadesikan

**DIRECTORS**

Shri. R.V.G.K. Ranga Rao

Shri. K. Varugis

Shri. Pran Talwar

Shri. K.S.T. Pani

Shri. VE. Subramanian

Shri. P.B. Vijayaraghavan

**AUDITORS**

M/s. Fraser & Ross

Chartered Accountants

4A, 'Kences Towers', North Usman Road

P.B. No.4987, T.Nagar, Chennai - 600 017.

**BANKERS**

State Bank of India, Commercial Branch, Chennai - 600 001.

Catholic Syrian Bank Ltd., Chennai - 600 001.

Indian Bank, Chennai - 600 001.

**REGISTERED OFFICE**

'South India House', 36-40, Armenian Street

Chennai - 600 001.

**PRINCIPAL OFFICE**

'Catholic Centre', I Floor, 64, Armenian Street

Chennai - 600 001.

Telephone : 586185

Fax No. : 044-580245

**OFFICE & FACTORY**

Pozhal, Chennai - 600 066.

Perungudi, Chennai - 600 096.

Telephone : 6418007 - 6418010

Telegram : 'BHERCOOL'

PIPDIC Indl. Estate, Sedarapet, Pondicherry - 605 111.

Telephone / Fax : (0413) 677009/677376

# INDIA RADIATORS LIMITED

## BALANCE SHEET AT A GLANCE

		As at 31st March, 1998	(Rs. in lacs) As at 31st March, 1997
<b>What the Company has :</b>			
Fixed Assets (Gross)	679.91		654.86
Less : Depreciation	241.26		209.28
Net Block	438.65		445.58
<b>Current Assets :</b>			
Stock	367.49		447.29
Book Debts	364.37		334.76
Cash and Bank Balances	37.14		37.24
Loans and Advances	132.96	1340.61	202.98
Rights Issue Expenses		3.40	4.53
		1344.01	1472.38
<b>What the Company Owes :</b>			
Secured Loans	427.24		461.28
Unsecured Loans	96.39		43.66
<b>Current Liabilities :</b>			
Creditors	639.55		664.01
Taxation	38.21		96.72
Proposed Dividend	—		8.91
		1201.39	1274.58
<b>NET WORTH</b>		<u>142.62</u>	<u>197.80</u>
<b>Represented by :</b>			
Equity Capital	90.00		90.00
Reserves	52.62		107.80
		<u>142.62</u>	<u>197.80</u>

## **INDIA RADIATORS LIMITED**

'South India House', 36-40, Armenian Street, Chennai - 600 001.

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To  
ALL SHAREHOLDERS

### **NOTICE**

NOTICE is hereby given that the Forty Ninth Annual General Meeting of the Shareholders of INDIA RADIATORS LIMITED will be held on Monday, the 28th September, 1998 at 4.30 p.m. at Hotel Dasaprakash, No.100, Poonamallee High Road, Chennai - 600 084, to transact the following business :

### **AGENDA**

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31st March, 1998 and the Balance Sheet as at that date.
2. To appoint a Director in the place of Mr. R.V.G.K. Ranga Rao, who retires by rotation at this Annual General Meeting as per Article 81 of the Articles of Association of the Company and Section 256 of the Companies Act, 1956 and being eligible, offers himself for re-election.
3. To appoint a Director in the place of Mr. VE. Subramanian, who retires by rotation at this Annual General Meeting as per Article 81 of the Articles of Association of the Company and Section 256 of the Companies Act, 1956 and being eligible, offers himself for re-election.
4. To appoint a Director in the place of Mr. P.B. Vijayaraghavan, who retires by rotation at this Annual General Meeting as per Article 81 of the Articles of Association of the Company and Section 256 of the Companies Act, 1956 and being eligible, offers himself for re-election.
5. To appoint Auditors for the current year and fix their remuneration.

### **SPECIAL BUSINESS**

6. To consider and if deemed fit to pass the following resolution as an ordinary Resolution of which Notice has been received by the Company from a Member :

"RESOLVED that Mr. K. Varugis be and is hereby appointed as a Director of the Company".

Place : Chennai  
Date : 31st July, 1998

By Order of the Board  
**V.S. Ramanathan**  
Secretary

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### **NOTES**

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a Member.
2. The Register of Members and Share Transfer Books of the Company will be closed from 21st September, 1998 to 28th September, 1998, (both days inclusive).
3. Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business is annexed.

# **INDIA RADIATORS LIMITED**

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## **ANNEXURE TO NOTICE**

### **Explanatory Statement under Section 173 of the Companies Act, 1956**

#### **Item No.6**

Mr. K. Varugis was co-opted as a Director of the Company with effect from 28.11.1997. In accordance with Article 87 of the Articles of Association of the Company, he vacates his office at the forthcoming Annual General Meeting.

In terms of Section 257 of the Companies Act, 1956, the Company has received Notice from a Member of the Company of his intention to propose Mr. K. Varugis as a candidate for the office of Director of the Company. On his appointment as a Director of the Company at the forthcoming Annual General Meeting, he will continue to be a Director of the Company.

#### **Interested Directors**

Mr. K. Varugis is interested in the above resolution relating to his appointment as Director.

No other Director is interested in the above resolution.

Place : Chennai

Date : 31st July, 1998

By Order of the Board  
**V.S. Ramanathan**  
*Secretary*

## INDIA RADIATORS LIMITED

### REPORT OF THE DIRECTORS TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

Your Directors have pleasure in submitting herewith their report together with Audited Accounts for the year ended 31st March, 1998.

**The results for the year are as follows :**

	Rs.
Net Loss before depreciation and provision for taxation	(18,04,455)
Add : Depreciation for the year	31,97,902
Net Loss before provision for taxation	(50,02,357)
Add : Net Short Provision for Income Tax for earlier years	5,15,623
Net Loss after provision for taxation	(55,17,980)
Less : Balance brought forward from previous year	15,36,616
	<u>(39,81,364)</u>

#### SALES

##### AUTOMOBILE RADIATORS :

The Year 1997-98 had gone through an unforeseen sluggish and recessionary market for the Vehicle and the Automotive Components Manufacturers and we being the predominant supplier to the O.E.M. market had to face this recession.

Our turnover has come down to Rs.20.10 crores as against Rs.22.02 crores of last year including the Heat Exchanger Division. The production of the units could not be operated in full level due to recessionary trend.

The first quarter of the current financial year has further deteriorated and this trend is likely to continue for the next quarter also.

##### HEAVY DUTY RADIATORS :

There is a marginal relief in the production and the sale of the Heavy Duty Radiators, since the requirement of these radiators is able to cover our production capacity.

##### HEAT EXCHANGER PROJECT :

Due to lower demand from the vehicle manufacturers, this unit is operating only to a level of 10% of the production capacity. Steps have been taken to cater to the requirements of other vehicle manufacturers.

##### RELATIONS WITH EMPLOYEES & OTHERS :

The Directors would like to record their appreciation of the loyal and diligent services of the Officers, Staff and Workers during this period. Your Directors would like to record their deep appreciation for the co-operation and assistance rendered by the Company's Bankers, IDBI, PIPDIC and Foreign Collaborators.

##### DIRECTORS :

Mr. Manfred Rau, Director of the Company resigned from the Board with effect from 28.11.1997. The Directors place on record their appreciation of the valuable services rendered by Mr. Manfred Rau to the Company during his tenure as Director.

At the same Board Meeting held on 28.11.1997 the Board of Directors co-opted Mr. K. Varugis (erstwhile Alternate Director to Mr. Manfred Rau) as an Additional Director of the Company with effect from 28.11.97.

Under Article 81 of the Articles of Association of the Company and Section 256 of the Companies Act, 1956, the following Directors retire at this Annual General Meeting and being eligible, offer themselves for re-election.

1. Mr. R.V.G.K. Ranga Rao
2. Mr. VE. Subramanian
3. Mr. P.B. Vijayaraghavan

## INDIA RADIATORS LIMITED

At the Board Meeting of the Company held on 26.06.1998, Mr. V. Chidambaram resigned from the Office of the Managing Director of the Company and the Board appointed Mr. N. Gnanadesikan who was the Joint Managing Director of the Company as the Managing Director from 27.06.1998 till 26.06.2000.

### THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 :

No employee of the Company is drawing a salary falling within the purview of the Rules.

### AUDITORS

The Company's Auditors, M/s. Fraser & Ross, Chartered Accountants, retire and are eligible for re-appointment for the current year.

### R & D, TECHNOLOGY ADAPTATION AND INNOVATION :

#### Specific Areas on which R & D carried out by the Company :-

- 1) Stringent functional requirements of major radiator makers in the world are adopted for incorporation.
- 2) Radiators for Export application of major tractor makers established.
- 3) New Tractor Radiators developed as per the requirements of customers.
- 4) Prototypes submitted for Radiator after cooler combination of higher HP engines.

#### Expenditure of R & D is as follows :

	1997-98	1996-97
a) Capital	—	Rs.0.04 lacs
b) Recurring	Rs.1.08 lacs	Rs.0.77 lacs
c) Total R & D Expenditure as percentage of total turnover	0.05%	0.04%

### POWER & FUEL CONSUMPTION :

1) Electricity		
A) Purchased	6,19,008 units	5,68,822 units
Total amount	Rs.27,66,295	Rs.20,31,896
Rate/unit	Rs.4.47	Rs.3.57
B) Own generation through diesel generators	15,515 units	20,041 units
Units per litre of diesel oil	1.35	1.40
Cost per unit	Rs.8.06	Rs.6.35

Place : Chennai  
Date : 31st July, 1998

For and on behalf of the Board,  
**V. Chidambaram**  
Chairman



## **INDIA RADIATORS LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF INDIA RADIATORS LIMITED**

We have audited the attached Balance Sheet of the Company as at March 31, 1998 and the annexed Profit and Loss Account for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent they are applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state that :
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account.
  - (d) The accounting policy of accounting leave encashment on actual payment basis is not in accordance with Accounting Standard 15 issued by the Institute of Chartered Accountants of India. (Vide Accounting Policy No.b.3 in Schedule 18).
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules, the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required, give a true and fair view :
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1998 and
    - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date.

Chennai  
31st July, 1998

For **FRASER & ROSS**  
*Chartered Accountants*  
**K.N. Ramasubramanian**  
*Partner*

## **INDIA RADIATORS LIMITED**

### **ANNEXURE TO THE AUDITORS' REPORT FOR THE YEAR ENDED MARCH 31, 1998**

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets which is to be updated. We are informed that the fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the Management, at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
4. The procedures of verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies between the physical stocks and book balances were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is generally on the same basis as in the preceding year. As explained in accounting policy excise duty payable on manufactured goods held in the factories has not been included in cost, as the same is reckoned at the time of clearance.
7. The Company has taken unsecured loans from companies listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and the terms and conditions of the loans are prima facie not prejudicial to the interest of the Company. The Company has not taken any loan, secured or unsecured, from firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management as defined under Section 370(IB) of the Companies Act, 1956. In respect of interest free loans from Directors, there is no stipulation of terms of repayment.
8. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties referred to in Section 301 of the Companies Act, 1956. As stated above, we have been informed that there are no companies under the same management as defined under Section 370(IB) of the Companies Act, 1956.
9. Loans or advances in the nature of loans have been given by the Company free of interest to :
  - a. Pozhal Panchayat amounting to Rs.22,500/- without any terms of repayment; and
  - b. To the employees who are repaying the principal amounts as stipulated.
10. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of raw materials, stores, components, equipments, plant and machinery and other assets and with regard to sale of goods.
11. In our opinion, the prices paid for purchase of materials and sale of materials and services, made in pursuance of contracts entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating to Rs.50,000 or more are not capable of being compared, since they are of semi-finished nature.
12. As explained to us, there were no unserviceable or damaged stores and raw materials at the close of the financial year.

## INDIA RADIATORS LIMITED

13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of production scrap. The Company has no by-products.
15. In our opinion, the Company has an internal audit system which is, in general, commensurate with its size and nature of its business.
16. We were informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.
17. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited with appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Customs duty and Excise duty were outstanding as at March 31, 1998 in the books for a period of more than six months from the date they became payable.
19. Based on our examination of books of accounts carried out in accordance with the generally accepted auditing practices and information and explanations given to us, no personal expenses of employees or directors have been charged to Profit and Loss Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. The Company has a reasonable system of recording receipts, issues and consumption of materials and stores, commensurate with its size and nature of its business and the system provides for reasonable allocation of the materials to the relative jobs. There is a system of internal control commensurate with the size of the Company and the nature of its business.
22. The Company has a reasonable system of authorisation at proper levels with necessary control on the issue of stores and the allocation of stores. The Company has no system of allocating labour to jobs. There is a system of internal control commensurate with the size of the Company and the nature of its business.

Chennai  
31st July, 1998

For **FRASER & ROSS**  
*Chartered Accountants*  
**K.N. Ramasubramanian**  
*Partner*

# INDIA RADIATORS LIMITED

## BALANCE SHEET AS AT 31st MARCH, 1998

	Schedule No.	As at 31.3.1998		As at 31.3.1997	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	90,00,000		90,00,000	
Reserves and Surplus	2	<u>52,61,561</u>	1,42,61,561	<u>1,07,79,541</u>	1,97,79,541
<b>Loan Funds</b>					
Secured Loans	3	4,27,24,066		4,61,28,189	
Unsecured Loans	4	<u>96,39,457</u>	5,23,63,523	<u>43,66,190</u>	5,04,94,379
			<u>6,66,25,084</u>		<u>7,02,73,920</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	5	6,68,52,416		6,36,61,442	
Less : Depreciation		<u>2,41,26,116</u>		<u>2,09,28,214</u>	
		4,27,26,300		4,27,33,228	
Add : Capital work-in-progress		<u>11,38,709</u>	4,38,65,009	<u>18,24,432</u>	4,45,57,660
<b>Current Assets, Loans and Advances</b>					
Inventories	6	3,67,48,896		4,47,28,506	
Sundry Debtors	7	3,64,37,546		3,34,76,146	
Cash and Bank Balances	8	37,13,802		37,24,454	
Loans and Advances	9	<u>1,32,96,140</u>		<u>2,02,98,226</u>	
		9,01,96,384		10,22,27,332	
Less : <b>Current Liabilities and Provisions</b>					
Liabilities	10	6,39,55,219		6,64,00,786	
Provisions	11	<u>38,21,000</u>		<u>1,05,63,500</u>	
		<u>6,77,76,219</u>	2,24,20,165	<u>7,69,64,286</u>	2,52,63,046
<b>Miscellaneous Expenditure</b>					
Not Written off			3,39,910		4,53,214
			<u>6,66,25,084</u>		<u>7,02,73,920</u>
Accounting Policies and Notes on Accounts	18				

Schedules 1 to 11 and 18 form part of this Balance Sheet.

V.S. Ramanathan  
Secretary

V. Chidambaram  
Chairman

Chennai  
31st July, 1998

N. Gnanadesikan  
Managing Director

R.V.G.K. Ranga Rao  
K. Varugis  
J.G. Masilamani  
K.S.T. Panl  
VE. Subramanian  
P.B. Vijayaraghavan  
Directors

This is the Balance Sheet  
referred to in our report  
of even date.  
For FRASER & ROSS  
Chartered Accountants  
K.N. Ramasubramanian  
Partner

# INDIA RADIATORS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1998

	Schedule No.	For the year ended 31.3.1998		For the year ended 31.3.1997	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Sales	12	20,10,40,115		22,02,01,458	
Other Income	13	15,32,014		39,85,404	
			20,25,72,129		22,41,86,862
<b>EXPENDITURE</b>					
Materials	14	14,33,49,226		16,31,90,430	
Salaries, Wages and Other Benefits	15	3,06,19,417		2,87,84,415	
Other Expenses	16	2,09,62,184		2,02,09,691	
Interest	17	93,32,453		69,08,616	
Share Issue Expenses written off		1,13,304		1,13,304	
			20,43,76,584		21,92,06,456
Loss/Profit before depreciation			(18,04,455)		49,80,406
Depreciation for the year			31,97,902		18,96,758
Loss/Profit before taxation			(50,02,357)		30,83,648
Provision for taxation			—		4,00,000
Loss/Profit after taxation			(50,02,357)		26,83,648
Net Short Provision for Income Tax for earlier years			(5,15,623)		—
Add : Balance brought forward from last year			15,36,616		11,968
			(39,81,364)		26,95,616
<b>APPROPRIATIONS</b>					
Proposed Dividend - Nil (9%)			—		8,10,000
Dividend Tax			—		81,000
Transfer to General Reserve			—		2,68,000
Balance carried to Balance Sheet			(39,81,364)		15,36,616
			(39,81,364)		26,95,616

Accounting Policies and Notes on Accounts 18  
Schedules 12 to 18 form part of this Profit and Loss Account.

V.S. Ramanathan  
Secretary

V. Chidambaram  
Chairman

R.V.G.K. Ranga Rao  
K. Varugis  
J.G. Masilamani  
K.S.T. Panl  
VE. Subramanian  
P.B. Vijayaraghavan  
Directors

This is the Profit & Loss  
Account referred to in our  
report of even date.  
For FRASER & ROSS  
Chartered Accountants  
K.N. Ramasubramanian  
Partner

Chennai  
31st July, 1998

N. Gnanadesikan  
Managing Director

# INDIA RADIATORS LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As at 31.3.1998	As at 31.3.1997
	Rs.	Rs.

### SHARE CAPITAL

### SCHEDULE 1

#### Authorised

20,00,000 Equity shares of Rs.10 each	2,00,00,000	2,00,00,000
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#### Issued, Subscribed and Paid-up

9,00,000 Equity Shares of Rs.10 each	90,00,000	90,00,000
	<u>90,00,000</u>	<u>90,00,000</u>

### RESERVES AND SURPLUS

### SCHEDULE 2

#### a. Capital Reserve

Surplus on reissue of forfeited shares	1,125	1,125
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#### b. General Reserve

As per last Balance Sheet	85,14,000	82,46,000
Add : Transfer from Profit & Loss Account	—	<u>2,68,000</u>
Add/Less : Balance in Profit & Loss Account	<u>(39,81,364)</u>	45,32,636
		15,36,616

#### c. Dividend Equalisation Reserve

As per last Balance Sheet	75,000	75,000
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#### d. Investment Allowance Reserve (Utilised) Account

As per last Balance Sheet	6,52,800	6,52,800
	<u>52,61,561</u>	<u>1,07,79,541</u>

### SECURED LOANS

### SCHEDULE 3

#### (a) From Bankers

(i) Cash Credit secured by Hypothecation of Inventories and Book Debts and Equitable Mortgage by Deposit of title deeds of the Factory land and buildings situated at Pozhal, Chennai	1,75,91,256	2,04,81,862
(ii) Term Loan from State Bank of India		
Secured by a first charge on the Machinery acquired	35,300	1,05,900

#### (b) From Financial Institutions

Secured on the Movable and Immovable properties, present & future of the Pondicherry unit, on pari passu basis in favour of Industrial Development Bank of India, Chennai and Pondicherry Industrial Promotion Development and Investment Corporation Pondicherry and guaranteed by the Chairman for Rs.90 lacs in favour of PIPDIC	1,80,66,997	1,86,26,000
(Interest accrued on the loan Rs.16,01,997)		

#### (c) Others

(i) Secured on Hire Purchase of Vehicles and Hypothecation of Plant and Machinery, Equipment and other movable property	70,30,513	69,14,427
	<u>4,27,24,066</u>	<u>4,61,28,189</u>

### UNSECURED LOANS

### SCHEDULE 4

#### a) Fixed Deposits - Due to Directors Rs.9,95,000

(Repayable within one year Rs.9,27,000)	20,17,000	30,33,000
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#### b) Short Term Loans and Advances from others

(Includes due to Directors Rs.7,33,190)	76,22,457	13,33,190
	<u>96,39,457</u>	<u>43,66,190</u>

# INDIA RADIATORS LIMITED

## FIXED ASSETS AS AT 31ST MARCH, 1998

## SCHEDULE 5

Description	COST			DEPRECIATION			NET VALUE	
	As at 01.04.97	Additions / (Deductions) during the year	As at 31.03.98	As at 01.04.97	Depreciation for the year	As at 31.03.98	As at 31.03.98	As at 31.03.97
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	76,357	—	76,357	—	—	—	76,357	76,357
Buildings	92,10,667	1,03,694	93,14,361	21,88,040	2,96,847	24,84,887	68,29,474	70,22,627
Leasehold Land	89,546	—	89,546	—	—	—	89,546	89,546
Machinery	4,73,27,191	22,16,570 * (2,01,149)	4,93,42,612	1,59,68,431	23,44,737 * (1,817)	1,83,11,351	3,10,31,261	3,13,58,760
Electrical Installation	23,29,319	1,81,249	25,10,568	4,15,788	1,07,894	5,23,682	19,86,886	19,13,531
Furniture & Fittings	10,20,819	4,800	10,25,619	6,39,821	60,697	7,00,518	3,25,101	3,80,998
Office Equipments	5,17,179	—	5,17,179	1,38,310	24,576	1,62,886	3,54,293	3,78,869
Computer	14,41,303	44,900	14,86,203	9,91,152	1,60,075	11,51,227	3,34,976	4,50,151
Airconditioner, Water cooler and Refrigerator	3,01,755	—	3,01,755	2,05,062	10,581	2,15,643	86,112	96,693
Vehicles	13,47,306	8,40,910	21,88,216	3,81,610	1,94,312	5,75,922	16,12,294	9,65,696
Capital Work-in-progress at cost	6,36,61,442	31,90,974	6,68,52,416	2,09,28,214	31,97,902	2,41,26,116	4,27,26,300	4,27,33,228
							11,38,709	18,24,432
	6,36,61,442	31,90,974	6,68,52,416	2,09,28,214	31,97,902	2,41,26,116	4,38,65,009	4,45,57,660
Previous year	2,95,49,423	3,41,12,019	6,36,61,442	1,90,31,456	18,96,758	2,09,28,214	4,45,57,660	1,13,69,886

Assets on hire purchase scheme – Computer : Rs.1,65,270, Vehicles : Rs.13,33,534

\* Reversal of Modvat Credit

# INDIA RADIATORS LIMITED

## Schedules forming part of Balance Sheet and Profit and Loss Account (Continued)

As at 31.3.1998  
Rs.

As at 31.3.1997  
Rs.

### INVENTORIES

### SCHEDULE 6

#### At lower of cost or net realisable value

Stores and Spares	2,91,763	4,51,968
Packing Materials	3,61,240	3,42,836
Tools	19,05,272	16,17,299
Raw Materials	1,49,51,020	2,35,88,743
Sub-Assemblies	72,02,304	77,64,452
Finished Goods	10,05,733	7,01,969
Work-in-progress	1,10,31,564	1,02,61,239
	<u>3,67,48,896</u>	<u>4,47,28,506</u>

### SUNDRY DEBTORS

### SCHEDULE 7

#### Unsecured Considered Good

a) Outstanding over six months	96,17,753	1,53,56,901
b) Other Debts		
[includes due by a company in which a Director is interested - Western Thomson (India) Ltd. Rs.1,85,863 (Rs.2,15,503)]	2,68,19,793	1,81,19,245
	<u>3,64,37,546</u>	<u>3,34,76,146</u>

### CASH AND BANK BALANCES

### SCHEDULE 8

Cash and cheques on hand	1,14,198	1,76,415
With Scheduled Banks		
On current accounts (including dividend account)	8,27,937	13,04,109
On Fixed Deposit account		
a) under Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975	4,10,450	4,10,450
b) Import Margin Money	23,61,217	18,33,480
	<u>37,13,802</u>	<u>37,24,454</u>

### LOANS AND ADVANCES

### SCHEDULE 9

#### Unsecured Considered Good

Advances recoverable in cash or in kind or for value to be received	51,52,093	60,68,583
Interest accrued but not due	43,753	1,20,211
Advance payment of income tax	43,64,341	1,06,66,450
Balance with Central Excise Authorities	37,35,953	34,42,982
	<u>1,32,96,140</u>	<u>2,02,98,226</u>



# INDIA RADIATORS LIMITED

## Schedules forming part of Balance Sheet and Profit and Loss Account (Continued)

As at 31.3.1998	As at 31.3.1997
Rs.	Rs.

### LIABILITIES

### SCHEDULE 10

Acceptances	2,52,51,510	2,16,31,931
Sundry Creditors	3,85,13,001	4,46,82,112
Unclaimed Dividends	1,04,834	55,573
Interest accrued but not due on loans	85,874	31,170
	6,39,55,219	6,64,00,786

### PROVISIONS

### SCHEDULE 11

Taxation	38,21,000	96,72,500
Proposed Dividend	—	8,10,000
Dividend Tax thereon	—	81,000
	38,21,000	1,05,63,500

For the year ended  
31.3.1998  
Rs.

For the year ended  
31.3.1997  
Rs.

### SALES

### SCHEDULE 12

Automobile Radiators	14,99,73,852	16,77,55,345
Heavy Duty Radiators and Heat Exchangers	4,17,76,208	4,71,69,074
Automobile Spare Parts	89,89,950	47,76,801
Heavy Duty Spare parts	3,00,105	5,00,238
	20,10,40,115	22,02,01,458

### OTHER INCOME

### SCHEDULE 13

For Services rendered	3,54,028	2,96,961
Interest (Gross)		
[Tax deducted at source Rs.21,520 (Rs.40,442)]	1,54,262	2,39,855
Dividend from Trade Investments (Gross) Tax deducted at source - Nil (Rs.34,669)	—	1,50,000
Royalty	7,54,600	7,73,154
Machinery Hire Charges	1,80,000	1,80,000
Claims and other receipts	—	3,75,137
Agency commission	17,124	1,15,584
Service charges	72,000	72,000
Profit on sale of Investment	—	17,73,300
Exchange Rate Difference (Net)	—	9,413
	15,32,014	39,85,404

# INDIA RADIATORS LIMITED

## Schedules forming part of Balance Sheet and Profit and Loss Account (Continued)

	For the year ended 31.3.1998		For the year ended 31.3.1997	
	Rs.	Rs.	Rs.	Rs.
<b>MATERIAL CONSUMPTION</b>				
			<b>SCHEDULE 14</b>	
i) <b>Raw Materials</b>				
Opening Stock	2,35,88,743		1,81,62,552	
Add : Purchases	12,99,98,094		16,66,52,258	
	15,35,86,837		18,48,14,810	
Less : Closing Stock	1,49,51,020		2,35,88,743	
		13,86,35,817		16,12,26,067
ii) <b>Sub-Assemblies</b>				
Opening Stock	77,64,452		60,42,976	
Add : Purchases	1,18,41,935		1,32,89,573	
	1,96,06,387		1,93,32,549	
Less : Closing Stock	72,02,304		77,64,452	
		1,24,04,083		1,15,68,097
		15,10,39,900		17,27,94,164
Less : Excise Duty Relief		1,36,00,841		1,73,02,922
		13,74,39,059		15,54,91,242
iii) <b>Stores and Spares</b>		61,45,651		59,63,360
iv) <b>Packing Materials</b>		38,23,407		31,67,335
		14,74,08,117		16,46,21,937
v) <b>Increase/Decrease in Work-in-progress &amp; Finished Goods</b>				
Opening Stock				
Work in progress	1,02,61,239		1,18,25,729	
Finished Goods	7,01,969		1,96,040	
	1,09,63,208		1,20,21,769	
Less : Closing Stock				
Work in progress	1,10,31,564		1,02,61,239	
Finished Goods	10,05,733		7,01,969	
	1,20,37,297		1,09,63,208	
		(10,74,089)		10,58,561
		14,63,34,028		16,56,80,498
vi) <b>Less : Scrap Sales</b>		29,84,802		24,90,068
		14,33,49,226		16,31,90,430

## SALARIES, WAGES AND OTHER EXPENSES

## SCHEDULE 15

Salaries, Wages and Bonus	2,31,62,700	2,28,30,953
Contribution to P.F. and E.P.F.	27,65,631	19,27,308
Contribution to Gratuity Fund	12,45,687	8,44,500
Contribution to Superannuation Fund	4,62,320	2,37,524
Staff Welfare Expenses	29,83,079	29,44,130
	3,06,19,417	2,87,84,415

# INDIA RADIATORS LIMITED

## Schedules forming part of Balance Sheet and Profit and Loss Account (Continued)

	For the year ended 31.3.1998 Rs.	For the year ended 31.3.1997 Rs.
<b>OTHER EXPENSES</b>		<b>SCHEDULE 16</b>
Rent (Net of recoveries)	4,51,632	2,59,213
Freight Charges (outward)	10,04,112	4,87,862
Insurance	8,64,216	8,60,114
Rates and Taxes	2,95,190	1,63,977
Power and fuel	27,66,295	20,89,468
Repairs and Maintenance		
i) Machinery	5,78,331	10,19,444
ii) Building	10,82,750	10,88,983
iii) Others	2,58,468	1,12,193
Payment to Auditors for :		
i) Audit	17,500	17,500
ii) Taxation	17,500	15,000
iii) Certification of Statements	7,250	8,750
iv) Reimbursement of Expenses	7,110	8,165
Discount	4,049	26,295
Small Tools Written off	4,96,877	4,06,820
Remuneration to Chairman and Managing Director	4,82,333	4,75,929
Directors' Sitting fees	16,000	13,500
Bank/discounting charges	56,98,051	72,70,680
Travelling expenses [including Directors Rs.3,99,696/- (Rs.3,35,226/-)]	18,64,957	17,50,314
Lease Rent	2,11,150	2,10,632
Additional Sales Tax	—	7,19,799
Bad Debt written off	4,23,695	—
Advances written off	2,92,859	—
Exchange rate difference (Nett)	3,94,883	—
Miscellaneous expenses	37,26,976	33,05,053
	<u>2,09,62,184</u>	<u>2,02,09,691</u>
<b>INTEREST</b>		<b>SCHEDULE 17</b>
Secured Loan	32,90,230	6,75,707
Fixed Deposit	3,69,922	5,05,547
Others	56,72,301	57,27,362
	<u>93,32,453</u>	<u>69,08,616</u>

### SCHEDULE 18

#### A. SIGNIFICANT ACCOUNTING POLICIES

- a) The accounts are presented on historical cost conventions and accrual system of accounting and applicable mandatory accounting standards.
- b) **BALANCE SHEET**
  - 1) i. Fixed Assets are stated at Cost of acquisition (net of MODVAT Credit availed) which includes capitalisation of pre-operative expenses including interest till the date of commissioning.

# INDIA RADIATORS LIMITED

- ii. Assets taken on financial lease are not capitalised and lease rentals are absorbed in the Profit and Loss Account
2. Inventories are valued at lower of cost or net realisable value. Cost of Raw Materials includes excise and customs duties and is net of credits under MODVAT Scheme. Excise duty on finished goods is reckoned at the time of clearance. Goods kept in Bond is valued at CIF value.
3. The Company's liability towards gratuity and superannuation are covered by appropriate schemes with L.I.C. of India. Leave encashment benefit on retirement will be accounted on payment.
4. Foreign currency transactions are recorded at the rate prevailing on the date of transaction. Foreign currency liabilities/receivables are translated at the rate of exchange prevailing as on 31st March and Gains/Losses on rate fluctuations between the date of transaction and date of payment/receipt/and year end are charged to Profit and Loss account.

## c) PROFIT AND LOSS ACCOUNT

1. All Income and expenditure are accounted on accrual basis.
2. Sales are net of Excise Duty, discount and Sales Tax.
3. Depreciation on Fixed Assets is provided on straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
4. Research and Development expenditure other than capital in nature is charged to revenue.
5. Share issue expenses (Rights issue) are amortized over a period of five years.

## B. NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

a. Contingent Liabilities	1997-98	1996-97
i) Outstanding letters of credit opened with bankers for Import of Raw Materials, Spares, etc.	1,12,97,587	1,45,72,911
ii) Bills discounted	1,75,59,434	1,86,15,603
iii) Guarantees given by Bank for Import of Raw Materials and performance of contracts for which the Company has given counter guarantees	39,33,750	5,33,750
iv) Income tax and Sales tax demands under dispute in respect of which appeals are pending	24,67,980	24,67,980
b. i) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,16,238	4,32,298
ii) Future lease rentals on assets taken on lease	1,14,000	2,28,000
c. i. The Honourable High Court has confirmed the Arbitrators award on 13.08.97 fixing the additional compensation at Rs.2,500 per ground and the Company has informed the Government that it will abide by the terms of the award. The Government is yet to indicate its intention to reassign the land to the Company on those terms. Pending receipt of demand no provision has been made in these accounts.		
ii. The demand from Government for urban land tax on property at Pozhal for Rs.68,667 is contested through writ petition. The High Court stayed the demand and directed the Company to pay Rs.30,000 which has been paid and kept under advance. The case is pending before High Court for final disposal.		
iii. Sundry Debtors and Loans and Advances include certain overdue balances, some of which are under reconciliation. However, in the opinion of the Board these current assets, would in the ordinary course of business realise the values as stated in the accounts.		
iv. In respect of certain inoperative Bank accounts aggregating Rs.37,982 neither Bank statements nor confirmation of balances although called for have been received.		
d. Comparative figures have been reclassified/regrouped wherever necessary.		

# INDIA RADIATORS LIMITED

## C. QUANTITATIVE AND OTHER PARTICULARS

### 1. Installed Capacity and Actual Production

	Installed Capacity *		Actual Production	
	1997-98 (Nos.)	1996-97 (Nos.)	1997-98 (Nos.)	1996-97 (Nos.)
Automobile Radiators	24,000 truck type or 48,000 car/ jeep type (per single shift)	24,000 truck type or 48,000 car/ jeep type (per single shift)	73,766	57,614
Heavy Duty Radiators and Heat Exchangers	3,600 (per single shift)	3,600 (per single shift)	2,569	3,248
Heat Exchanger Unit – Pondicherry	50,000 (per single shift)	50,000 (per single shift)	2,134	162

\* As certified by Management and not verified by Auditors being technical in nature.

### 2. Particulars in respect of :

	Opening Stock		Closing Stock		Sales	
	Quantity Nos.	Value (Rs.)	Quantity Nos.	Value (Rs.)	Quantity Nos.	Value (Rs.)
Automobile Radiators						
1997-98	78	2,40,205	568	2,03,814	73,276	14,99,73,852
1996-97	50	1,61,266	78	2,40,205	57,586	16,77,55,345
Heavy Duty Radiators						
1997-98	20	3,05,210	14	1,01,612	2,575	4,01,65,508
1996-97	1	28,804	20	3,05,210	3,229	4,71,29,034
Heat Exchangers						
1997-98	122	1,07,430	486	6,94,337	1,770	18,10,700
1996-97	—	—	122	1,07,430	40	40,040
Others						
1997-98	—	49,124	—	5,970	—	92,90,055
1996-97	—	5,970	—	49,124	—	52,77,039

### 3. Raw Materials Consumed :

		1997-98		1996-97	
		Quantity (M.Tonnes)	Value (Rs.)	Quantity (M.Tonnes)	Value (Rs.)
Copper Strips	: Imported	22.713	51,69,445	67.341	1,66,03,557
	Indigenous	118.781	2,40,65,877	87.820	2,17,86,759
Brass Strips	: Imported	24.004	47,45,110	71.295	1,50,71,310
	Indigenous	163.399	2,94,40,195	162.275	2,96,37,673
Solders		121.095	1,53,54,333	138.052	1,94,74,736
Brass Sheets		140.256	2,31,42,653	177.367	3,02,81,799
Brass Tubes	: Imported	11.899	61,85,638	13.604	76,20,688
	Indigenous	14.295	34,39,701	15.642	49,56,467
Steel Sheets		334.620	69,92,733	402.205	81,05,088
CRCA Sheets		93.203	25,66,576	167.661	48,67,227
Other Raw Materials		—	1,75,33,556	—	30,20,763
			<u>13,86,35,817</u>		<u>16,12,26,067</u>

# INDIA RADIATORS LIMITED

	1997-98 (Rs.)	1996-97 (Rs.)
<b>4. a. Value of Imports on C.I.F. Basis</b>		
Raw Materials	98,77,944	2,99,90,677
Machinery	—	—
<b>b. Expenditure in Foreign Currency during the year on account of</b>		
Technical know-how	—	6,02,929
Travel and other expenses	1,16,225	2,42,435
<b>c. Value of Raw Materials, Spare Parts and Components consumed during the year</b>		
1. Imported	1,61,00,193	3,92,95,556
Indigenous (including purchases through canalised agencies)	13,49,39,705	13,34,98,608
2. Percentage of each to total consumption		
Imported	10.66%	22.74%
Indigenous	89.34%	77.26%
<b>d. Amount remitted during the year in foreign currency on account of Dividend (net of tax)</b>	41,526	51,677
1. Number of Non-Resident shareholders	7	7
2. Number of shares held by them	71,098	71,098
3. Year to which the Dividend relates	1996-97	1995-96
<b>5. Earnings in Foreign Exchange</b>		
i) Export of goods calculated on FOB basis	3,70,290	—
ii) Other Income	17,124	1,15,584
<b>6. (a) Managing Director's Remuneration</b>		
Salary	3,24,000	3,12,000
Contribution to Provident, Gratuity and Superannuation funds	93,851	86,820
Perquisites	64,482	77,109
	<u>4,82,333</u>	<u>4,75,929</u>
<b>(b) Joint Managing Director's Remuneration</b> (Included under respective heads of accounts)		
Salary	2,29,500	1,89,000
Contribution to Provident, Gratuity and Superannuation Funds	93,880	86,230
Perquisites	92,763	90,489
	<u>4,16,143</u>	<u>3,65,719</u>

V.S. Ramanathan  
Secretary

V. Chidambaram  
Chairman

R.V.G.K. Ranga Rao  
K. Varugis  
J.G. Masilamani  
K.S.T. Panl  
VE. Subramanian  
P.B. Vijayaraghavan  
Directors

For FRASER & ROSS  
Chartered Accountants  
K.N. Ramasubramanian  
Partner

Chennai  
31st July, 1998

N. Gnanadesikan  
Managing Director

# INDIA RADIATORS LIMITED

## Balance Sheet Abstract and Company's General Business Profile as per Part IV to Schedule VI to the Companies Act, 1956

### I. Registration Details

Registration No. 

		9	6	3
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 State Code 

1	8
---	---

Balance Sheet Date 

3	1
---	---

0	3
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9	8
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Date                      Month                      Year

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

Public Issue	Rights Issue																		
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						N	I	L											
						N	I	L											
Bonus Issue	Private Placement																		
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						N	I	L											
						N	I	L											

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

Total Liabilities	Total Assets																		
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			1	3	4	4	0	1											
			1	3	4	4	0	1											

#### Sources of Funds

Paid-up Capital	Reserves & Surplus																		
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					9	0	0	0											
					5	2	6	2											
Secured Loans	Unsecured Loans																		
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				4	2	7	2	4											
					9	6	3	9											

#### Application of Funds

Net Fixed Assets	Investments																		
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				4	3	8	6	5											
						N	I	L											
Net Current Assets	Misc. Expenditure																		
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				2	2	4	2	0											
						3	4	0											
Accumulated Losses																			
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L										
						N	I	L											

# INDIA RADIATORS LIMITED

## IV. Performance of Company (Amount in Rs. Thousands)

Turnover							Total Expenditure												
			2	0	2	5	7	2				2	0	7	5	7	4		
+ -		Profit/Loss Before Tax							+ -		Profit/Loss After Tax								
	-						5	0	0	2						5	5	1	8
Earning Per Share in Rs.							Dividend Rate %												
						N	I	L								N	I	L	

## V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	8	7	0	8	9	1	0	0						
Product Description	R	A	D	I	A	T	O	R	S					
Item Code No. (ITC Code)	8	4	1	9	5	0	0	0						
Product Description	H	E	A	T	E	X	C	H	A	N	G	E	R	S

V.S. Ramanathan  
Secretary

V. Chidambaram  
Chairman

R.V.G.K. Ranga Rao  
K. Varugis  
J.G. Masilamani  
K.S.T. Pani  
VE. Subramanian  
P.B. Vijayaraghavan  
Directors

For FRASER & ROSS  
Chartered Accountants  
K.N. Ramasubramanian  
Partner

Chennai  
31st July, 1998

N. Gnanadesikan  
Managing Director



# INDIA RADIATORS LIMITED

## ANNEXURE TO CLAUSE 32 OF THE LISTING AGREEMENT CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.1998

	31.3.1998 (Rs.)	31.3.1997 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	(50,02,357)	30,83,648
Adjustments for :		
Depreciation	31,97,902	18,96,758
Exchange Currency Fluctuation	3,94,883	(9,413)
Interest paid	93,32,453	69,08,616
Interest received	(1,54,262)	(2,39,855)
Dividend received	—	(1,50,000)
Profit on Sale of Investments	—	(17,73,300)
Lease rent	2,11,150	2,10,632
Share issue expenses written off	1,13,304	1,13,304
Tools written off	4,96,877	4,06,820
Bad debts written off	4,23,695	—
Advances written off	2,92,859	—
	<u>1,43,08,861</u>	<u>73,63,562</u>
<b>Operating Profit before working capital</b>	<b>93,06,504</b>	<b>1,04,47,210</b>
Adjustments for :		
Trade and Other Receivables	29,33,200	1,07,58,110
Trade payables	(88,96,881)	36,10,736
Inventories	74,82,733	15,19,052
	<u>(77,20,235)</u>	<u>86,48,611</u>
<b>Cash generated from operations</b>	<b>1,08,25,556</b>	<b>1,70,95,821</b>
Interest Paid	(76,75,752)	(69,10,129)
Direct Taxes and Dividend Tax	(81,000)	(77,56,752)
	<u>(7,05,000)</u>	<u>(76,15,129)</u>
<b>Cash Flow before Extraordinary Items</b>	<b>30,68,804</b>	<b>94,80,692</b>
<b>Extraordinary Items</b>		
Exchange Currency Fluctuation (net)	(1,10,184)	—
<b>Net Cash from Operating Activities</b>	<b>29,58,620</b>	<b>94,80,692</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(27,06,400)	(1,01,30,714)
Sale of Investments	—	19,80,000
Dividend received	—	1,15,331
Interest received	2,30,720	1,99,413
	<u>(24,75,680)</u>	<u>(78,35,970)</u>
<b>Net Cash used in Investing Activities</b>	<b>(24,75,680)</b>	<b>(78,35,970)</b>

# INDIA RADIATORS LIMITED

## ANNEXURE TO CLAUSE 32 OF THE LISTING AGREEMENT CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.1998 (Continued)

	31.3.1998 (Rs.)	31.3.1997 (Rs.)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/repayment of Long Term borrowings	(21,15,514)	61,83,730
Proceeds/repayment from Bank	(28,90,606)	(46,59,506)
Dividends paid	(7,60,739)	(12,46,031)
Proceeds/repayment of Unsecured Loans	52,73,267	(26,13,810)
<b>Net Cash used in Financing Activities</b>	<b><u>(4,93,592)</u></b>	<b><u>(23,35,617)</u></b>
<b>Net Increase/Decrease(-) in cash &amp; cash equivalents</b>	<b>(10,652)</b>	<b>(6,90,895)</b>
<b>Cash &amp; Cash equivalents as at March 31, 1997 (Opening Balance)</b>	<b>37,24,454</b>	<b>44,15,349</b>
<b>Cash &amp; Cash equivalents as at March 31, 1998 (Closing Balance)</b>	<b><u>37,13,802</u></b>	<b><u>37,24,454</u></b>
	<b>(10,652)</b>	<b>(6,90,895)</b>

V.S. Ramanathan  
Secretary

V. Chidambaram  
Chairman

R.V.G.K. Ranga Rao  
K. Varugis  
J.G. Masilamani  
K.S.T. Pani  
VE. Subramanian  
P.B. Vijayaraghavan  
Directors

For FRASER & ROSS  
Chartered Accountants  
K.N. Ramasubramanian  
Partner

Chennai  
31st July, 1998

N. Gnanadesikan  
Managing Director

### AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement for the year ended 31st March, 1998. The Statement has been prepared by the Company in accordance with the requirements of listing agreement (Clause 32) and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of even date to the members of the Company.

Chennai  
31st July, 1998

For FRASER & ROSS  
Chartered Accountants  
K.N. Ramasubramanian  
Partner



