

INDIA RADIATORS LIMITED

CHENNAI

ANNUAL REPORT

AND ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER
2003

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INDIA RADIATORS LIMITED CHENNAI

DIRECTORS

Mr. K.Nadanasundaram
Mr. G.Raja
Mr. T.V.Venugopal
Mr. M.Natarajan
Mr. T.Govindarajan

AUDITORS

M/s. P.B. Vijayaraghavan & Co.
Chartered Accountants
Old No.27 New No.14, Cathedral Garden Road
Nungambakkam, Chennai - 600 034.

BANKERS

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

39/1 G.N. Chetty Street, I Floor,
Mylapore, Chennai - 600 004.
Telephone/Fax: 24672846

OFFICE & FACTORY

Puzhal, Chennai - 600 066.
Telephone: 26591008
PIPDIC Indl. Estate,
Sedarapet,
Pondicherry - 605 111.
Telephone / Fax : (0413) 2677154

INDIA RADIATORS LIMITED

Regd. Office : 'South India House', 36-40, Armenian Street, Chennai - 600 001.
Principal Office : 39/1 G.N. Chetty Street, 1st Floor, Mylapore, Chennai - 600 004.

NOTICE

To: ALL SHAREHOLDERS

Notice is hereby given that the Fifty Fourth Annual General Meeting of the Shareholders of INDIA RADIATORS LIMITED will be held on Friday, the 20th February, 2004 at 10.05 A.M. at ICOSA Programme Centre, 'JEEVANA JYOTHI BUILDING', 107, Pantheon Road, Egmore, Chennai - 600 008 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet & Profit & Loss Account as at 30.9.2003 and the Reports of the Directors and Auditors as at that date.
2. To elect a Director in the place of Mr.T.Govindarajan who retires by rotation and being eligible offers himself for re-election.
3. To elect a Director in the place of Mr.G.Raja who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors for the current year and fix their remuneration.

By Order of the Board
For India Radiators Limited

Place : Chennai

K. Nadasundaram

Date : 29th December, 2003

Director

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 of the Company. The instrument appointing the proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

DIRECTORS' REPORT

Your Directors are submitting herewith their report together with Audited Accounts for the year ended 30th September, 2003.

FINANCIAL HIGHLIGHTS

The Company incurred a net loss of Rs.205.83 lacs for the year under report as shown below:

	Rs.
Net Loss before depreciation and provision for taxation	(1,81,33,995)
Add: Depreciation for the year	24,48,818
Net Loss before provision for taxation carried over to balance sheet	(2,05,82,813)

The cumulative loss as at 30.9.2003 was Rs.14.02 crores.

PRODUCTION AND SALES

AUTOMOBILE RADIATORS & HEAVY DUTY RADIATORS

Consequent to suspension of operations from 16.11.1999 there was no production of Radiators at the Puzhal unit. However the unit at Pondicherry manufacturing Oil Coolers continued to function during the year but even in this unit production had to be suspended from May, 2003 owing to working capital constraints and quality upgradation stipulated by our principal customer. Your management is taking steps to meet the quality requirements and expects to restore the production

levels in a time bound manner. With a view to optimising the capacity utilisation, your management is also exploring the possibility of securing job orders from industrial entrepreneurs.

The Company was able to achieve a turnover of Rs. 27.60 lacs for the year ended 30.9.2003 against Rs. 63.85 lakhs in the previous year.

COMPANY'S POSITION VIS-A-VIS BIFR

As members are aware, the Company has been declared a Sick Industrial Company by BIFR in terms of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and IDBI has been appointed as the Operating Agency for determination of the measures to be adopted with respect to the company.

The proposal submitted by the company providing for settlement of dues to the financial institutions, banks, suppliers and workers, and running the company with viable Pondicherry unit only did not find support from the Operating Agency. On the basis of the Operating Agency's report BIFR has formed an opinion that the company cannot be revived and recommended to the Madras High Court that steps should be taken in terms of the Companies Act for winding up of the company. The company has filed in November, '03 an appeal before the Appellate Authority for Industrial and Financial Reconstruction against the BIFR Order. The management also proposed to file writ petition in the Madras High Court for stay of the operations of the BIFR Order.

DIVIDEND

No dividend is being recommended for the year ended 30.9.2003.

DIRECTORS

The following Directors retire at this Annual General Meeting and being eligible offer themselves for re-appointment.

1. Mr.T.Govindarajan, 2. Mr.G.Raja

AUDITORS

The Company's Auditors M/s. P.B.Vijayaraghavan & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offers themselves for re-appointment.

As regards the Auditors' qualifications in their report, the explanations given in the notes on Accounts are self-explanatory.

PUBLIC DEPOSIT

The directors hereby report that the company has not accepted any deposit from the public during the year under review.

PARTICULARS OF EMPLOYEES

No employees were covered under the purview of Section 217 (2A) of the Companies Act, 1956 read with Companies Particulars of Employees Rule, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Efforts have been made to save energy cost through reduction of demand.

DIRECTORS' RESPONSIBILITY STATEMENT

As per the Companies (Amendment) Act, 2000 your Directors have to give their responsibility statement which is as follows:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

INDIA RADIATORS LIMITED

- That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 profits or loss of the Company for that period.
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance together with Auditor's certificate regarding compliance of conditions of Corporate Governance forms part of the annual report.

Place : Chennai
Date : 29th December, 2003

For and on behalf of the Board,
K. Nadasundaram G. Raja
Directors

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's business objective is to make products that provide value to customers that can be sustained over the long term for shareholders, employees and other associates. Towards this objective, the management and employees of the Company constantly endeavor to improve the values of good business practices in achieving higher standards of corporate governance.

BOARD OF DIRECTORS

The Board has 5 members: Five Independent directors of whom one is a Nominee Director of PIPDIC LTD. Pondicherry. The number of independent Directors constitute more than one third of the total numbers of directors.

During the year the Board met on four occasions: December, 31, 2002, January 31, 2003, April 30, 2003, July 29, 2003,

The names of the Directors who attended the above Board Meetings and the last Annual General Meeting are given below:

Director	Category	Attendance Board Meetings	Last AGM
Mr. K. Nadasundaram	Independent	4	No
Mr. G. Raja	Independent	4	Yes
Mr. T.V. Venugopal	Independent	4	Yes
Mr. T. Govindarajan	Independent	2	Yes
Mr. M. Natarajan (Nominee Director of PIPDIC Ltd)	Independent	Nil	No

Number of Directorship and memberships/chairmanships in Public Companies (including the Company)

Name of the Director	No. of Directorships	Committee Positions Member	Chairman
Mr. K. Nadasundaram	1	Nil	Nil
Mr. G. Raja	1	Nil	Nil
Mr. T.V. Venugopal	1	Nil	Nil
Mr. T. Govindarajan	1	Nil	Nil
Mr. M. Natarajan (Nominee Director of PIPDIC Ltd)	1	Nil	Nil

None of the directors of the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in clause 49 of the Listing Agreement.

AUDIT COMMITTEE

The Audit Committee has the following Independent Directors.

- Mr. K. Nadasundaram
- Mr. G. Raja
- Mr. T. Govindarajan

The Scope of the Committee includes:

- Review of Company's financial reporting process and the financial statement;
- Review of the internal control system.
- Post Audit review with Statutory Auditors, Scope of audit and observations of auditors.
- Review of the implementation of the recommendations of the external auditors.

During the year under review, three Audit Committee Meetings were held and the attendance of the Meeting is as follows:

Director	Meetings attended	Date of the Meetings
1. Mr. K. Nadasundaram	3	21.1.03, 8.5.03 & 6.8.03
2. Mr. G. Raja	3	-do-
3. Mr. T. Govindarajan	2	21.1.03 & 6.8.03

SHAREHOLDERS COMMITTEE

The Committee comprises of all Independent Directors Mr. K. Nadasundaram, Mr. G. Raja and Mr. T.V. Venugopal. The Company has 4589 Equity Shareholders. During the year the Company has not received any Share Transfer/Transmission/Transposition. and no Complaints were received.

During the year under review, two Shareholders Committee Meetings were held and the attendance of the meetings is as follows:

Director	Meetings attended	Date of the Meetings
Mr. K. Nadasundaram	2	21.1.03, & 6.8.03
Mr. G. Raja	2	21.1.03 & 6.8.03
Mr. T.V. Venugopal	1	21.1.03

REMUNERATION COMMITTEE

The Committee comprises of all Independent Directors Mr. K. Nadasundaram, Mr. G. Raja and Mr. T.V. Venugopal. Since the Company was referred to BIFR, the remuneration and sitting fees has not been paid to all the Directors during the year.

During the year under review, two Remuneration Committee Meetings were held and the attendance of the meetings is as follows:

Director	Meetings attended	Date of the Meetings
Mr. K. Nadasundaram	2	21.1.03, & 6.8.03
Mr. G. Raja	2	21.1.03 & 6.8.03
Mr. T.V. Venugopal	1	21.1.03

GENERAL BODY MEETING

Location and Time of General Meetings

Date	Type	Time	Location
24 th December 1999	AGM	10.00 a.m.	Esplanade, Chennai
16 th March 2001	AGM	10.25 a.m.	Esplanade, Chennai
22 nd March 2002	AGM	10.25 a.m.	Esplanade, Chennai
26 th March 2003	AGM	10.15 a.m.	Esplanade, Chennai

DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE APPOINTMENT AS REQUIRED UNDER CLAUSE 49 (VI)A OF THE LISTING AGREEMENT.

Information on Directors retiring by rotation seeking re-appointment and Additional Directors seeking appointment at this Annual General Meeting.

Name	T. Govindarajan	G. Raja
Date of Birth & Age	23.1.1952 & 52 Years	9.7.1945 & 58 Years
Appointed on	31.12.2002	28.4.2000
Qualification	M.Sc. (Chemistry)	B.E.
Experience	25 years	35 Years
Directorship held in other Public Companies	Nil	Nil
Membership/Chairmanship Committees across Public Companies	Nil	Nil

DISCLOSURE

There were no materially significant related party transaction, i.e., transaction of the Company of material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large.

There were instances of non compliance on matter related to capital Markets during the last three years as the Company has been referred to BIFR.

MEANS OF COMMUNICATIONS

The Quarterly, Half yearly and the Annual Results of the Company are not sent to Stock Exchanges immediately at the Board's approval. The results are also not published in the News paper, due to financial constraints.

GENERAL SHAREHOLDERS INFORMATION

- i) 54th Annual General Meeting
Venue : ICSA Programme Centre, 107, Pantheon Road, Egmore, Chennai – 600 008.
Date : 20th February 2004
Time : 10.05 a.m.
- ii) Tentative Financial Calendar
Publication of Audited Results for 2002-2003.

The Company is not publishing its financial results in News paper, due to Financial constraint and it is also recommended for Winding up by BIFR.

BOOK CLOSURE

The Register of Members & Share Transfer Book of the Company shall not be closed. Since there is no declaration of any dividend for the past four years.

LIST ON STOCK EXCHANGES

The Company has listed its securities in Mumbai and Madras Stock Exchanges.

The Listing fees for Mumbai and Madras Stock exchanges are not paid for the past two years.

DEMATERIALISATION OF SHARES

There are no matters of Dematerialization of shares, since the Company is recommended for Winding up by BIFR.

DISTRIBUTION OF SHAREHOLDING

Category	No. of Equity Shares	% of Shareholdings
A. Promoters Shareholding		
Indian Promoters / Persons		
Acting in concert	3,09,524	34%
Foreign Promoters	Nil	Nil
B. Non Promoters Holdings		
Mutual Fund and UTI	Nil	Nil
Financial Institutions and Banks	37,888	4%
Foreign Institutional Investors	Nil	Nil
Private Corporate Bodies	61,609	7%
Indian Public	4,44,839	49%
NRI's /OCBs	46,140	6%
Other Directors and relatives	Nil	Nil
Total	9,00,000	100%

REGISTRARS AND SHARE TRANSFER AGENT

M/s. Cameo Corporate Services Limited, Chennai

PLANT LOCATION

The Company's Factories are located one at Puzhal, Chennai – 66. And other at Sedarapet, Pondicherry – 605 111.

ADDRESS FOR CORRESPONDENCE

Regd. Office:

'SOUTH INDIA HOUSE', 36-40 Armenian Street, Chennai- 1.

Corporate Office:

39/1, G.N.Chetty Street, I Floor, Mylapore, Chennai – 600 004.

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The Members of India Radiators Limited.

We have examined the compliance of conditions of Corporate Governance by India Radiators Limited, for the year ended 30th September, 2003 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 complaints of the conditions of Corporate Governance. It is neither an audit nor an expression of financial statement of the Company. In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions on Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Notes on Certification on Corporate Governance issued by the Institute of Chartered Accountants of India, we state that the Registrars of the Company have certified that as on 30th September 2003, there were no investor grievances remaining unattended/ pending for a period exceeding one month.

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 P.B.VIJAYARAGHAVAN & CO
Chartered Accountants

P.B.Santhanakrishnan
Partner

Place : Chennai

Date : 29th December, 2003

INDIA RADIATORS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

The performance of the in the year 2002-2003 has to be seen against the back drop of favorable business condition in the Automobile Sector in the Country.

INDUSTRY STRUCTURE AND TRENDS

Industry is driven mainly by heavy vehicle demand due to continuous pressure from vehicle manufacturers to reduce price and consequently leading to lower realizations.

OPPORTUNITIES AND THREATS

Processing of other Engineering products through brazing both in automotive and non-automotive application is a big opportunity.

The latest brazing technology provides the opportunities to work with our vehicle manufacturers. Substitute products using aluminum technology pose a threat to the product manufactured by us.

PRODUCT PERFORMANCE

Product performance has been satisfactory and part with competition. Principal customer has been demanding a upgradation in quality and the company is unable to meet due to working capital constraints.

FINANCIAL PERFORMANCE

Financial performance of the company has been dealt with in the Directors Report.

OUTLOOK

The home market for company product is expected to increase due to boom in the automobile industry. Efforts to reduce material cost and other input cost is an ongoing exercise that has a positive effect on cost and the cost of production.

The revival plan for restructuring of the company should meet the approval of the concerned authorities and make the unit viable.

RISK AND CONCERNS

The industry is susceptible to oil shock.

INTERNAL CONTROL SYSTEM

There are adequate internal control systems in the company. The system operates in key areas. The audit committee reviews periodically.

SOCIAL OBLIGATIONS

The company is unable to contribute anything to the society due to financial constraints.

HUMAN RESOURCES/INDUSTRIAL RELATION

Cordial relationship between the management and employees continue to exist during the year.

CAUTIONERY STATEMENT

Statements in this management discussion may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed due to various factors beyond control.

SECRETARIAL COMPLIANCE CERTIFICATE

[Issued in pursuance of sub rule (1) of Rule 3 of Companies (Compliance Certificate) Rules 2001 and in accordance to the proviso to sub section (1) of Section 383 A of the Companies Act 1956]

NAME OF THE COMPANY: INDIA RADIATORS LIMITED

REGISTRATION NUMBER: 18 - 963

SHARE CAPITAL:

Authorised Capital (20,00,000 Equity Shares Of Rs.10 Each)	Rs.2,00,00,000/-
Issued, Subscribed and paid up Capital (9,00,000 Equity Shares Of Rs.10 Each)	Rs.90,00,000/-

To: The Members

M/s. India Radiators Limited

36-40, Armenian Street, Chennai - 600 001.

I have examined the registers, records, books and papers of M/S.INDIA RADIATORS LIMITED, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 30th September, 2003. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in **Annexure "A"** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure "B"** to this certificate, with the Registrar of Companies, Regional Director, and Central Government. Company Law Board or other authorities under the Act and the rules made thereunder.
3. The Board of Directors of the Company duly met **4 (Four)** times on the dates referred to in **Annexure 'C'** to this certificate, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
4. The Company being a public limited Company, has the minimum prescribed paid up share capital and comments regarding maximum number of members during the said financial year, invitation to public, acceptance of deposit are not required.
5. The Company has not closed its Register of Members during the financial year
6. The Annual General Meeting of the company for the financial year ended on 30th September 2002 was held on 26th March, 2003 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra ordinary General Meeting was held during the financial year.
8. The Company has not violated the provisions of Section 295 of the Companies Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any Approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) Delivered all the certificates on allotment of securities in accordance with the provisions of the Act. There were no transfers or transmission of shares during the financial year under review.
 - (ii) Not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

- (iii) Not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) Not declared any dividend, issued any debentures and has not accepted deposits, and therefore the question of transfer of dividend in the unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.
 - (v) Complied with the provisions of Section 217 of the Companies Act, 1956.
14. The Board of Directors of the Company is duly constituted.
 15. The Company has not appointed any Managing Director / Whole-time director / Manager during the financial year.
 16. The Company has not appointed any sole selling agents during the financial year.
 17. The Company has been declared as a Sick Company and the Board of Industrial and Financial Reconstruction (BIFR) have passed an order for winding up of the Company. A copy of the order is yet to be obtained by the Court.
 18. The Directors have disclosed their interest in other firms / Companies to the Board of directors pursuant to the provisions of the Act and the rules made thereunder during the financial year.
 19. The Company has not issued any equity shares during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. The Company has not issued any preference shares / debentures and hence the question of redemption of preference shares / debentures does not arise during the financial year under review.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited / accepted any deposits falling within the purview of Section 58A during the financial year.
 24. The amounts borrowed by the Company are within the borrowing limits of the Company as per Section 293(1)(d) of the Companies Act, 1956.
 25. The Company has not made loans or advances or given any guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
 26. The Company has not altered the provisions of the Memorandum

with respect to situation of the Company's registered office from One State to another during the year.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year ended 30th September 2003, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employer's and employee's contribution to provident fund to the prescribed authorities in pursuance to the provisions of section 418 of the Companies Act, 1956.

Place : Chennai
Date : 29.12.2003

Signature
Name of the Company Secretary:
T. Balasubramanian
C.P No. : 3402

**“Annexure A”
SECRETARIAL COMPLIANCE CERTIFICATE**

Annexure to Point No.1 of Secretarial Compliance Certificate of M/s. India Radiators Limited

Registers maintained by the Company

Sl. No.	Section Number	Name of the Register
1.	108	Share Transfer Register
2.	150	Register of Members
3.	193	Minutes of all meetings of Board of Directors
4.	193 (1)	Minutes of General Meetings
5.	303	Register of Directors
6.	307	Register of Directors' Shareholding
7.	301	Register of Contracts in which directors are interested
8.	143	Register of Charges

“Annexure B” – SECRETARIAL COMPLIANCE CERTIFICATE

Annexure to Point No.2 of Secretarial Compliance Certificate of M/s. India Radiators Limited

Returns / Documents / Forms / filed with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 30th September 2003

Sl. No	Form No.	Relevant	Description	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 29	264	Appointment of Mr.T.Govindarajan as an additional Director on 31.12.2002	26.02.2003	No	Yes
2.	Form 32	303(2)	Appointment of Mr.T.Govindarajan as an additional Director and resignation of Mr. N Gnanadesikan from Directorship on 31.12.2002	26.02.2003	No	Yes
3.	Annual Return	159	Annual Return in respect of the AGM held on 26.03.2003	23.05.2003	Yes	No
4.	Balance Sheet	220	For the Year ended 30.09.2002	23.05.2003	No	Yes
5.	Compliance Certificate	383A	For the Year ended 30.09.2002	23.05.2003	No	Yes

INDIA RADIATORS LIMITED

"Annexure C" – SECRETARIAL COMPLIANCE CERTIFICATE

Annexure to Point No.3 of Secretarial Compliance Certificate of M/s. India Radiators Limited

The Following Board Meetings were held during the financial year ended 30th September 2003

1 st Quarter (October –December)	2 nd Quarter (Jan – March)	3 rd Quarter (April – June)	4 th Quarter (July - September)
31.12.02	31.01.03	30.04.03	29.07.03

REGIONAL DIRECTOR – NIL

CENTRAL GOVERNMENT – NIL

Place : Chennai

Date : 29.12.2003

Signature

Name of the Company Secretary: T.Balasubramanian
C.P No. : 3402

REPORT OF THE AUDITORS TO THE MEMBERS OF INDIA RADIATORS LIMITED

We have audited the attached Balance Sheet of INDIA RADIATORS LIMITED as at 30th September, 2003 and the Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and 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 and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

- The accounts have been prepared on the basis that the Company is a going concern despite suspension of activities in one of the factories viz. Puzhal Unit from November 1999 and erosion of net worth leading to a reference by the Company to the Board for Industrial and Financial Reconstruction. The Company had been declared sick by the Board for Industrial and Financial Reconstruction (BIFR) and the proceedings are pending. Hence it is not possible to express an opinion on the same.
- Due to suspension of operations at Puzhal factory at Chennai, the accounts have been prepared with the available information. **Statement of account or certificate in confirmation of the balances in inoperative bank accounts for Rs.53,511.**
- Balance in Debtors, Creditors and Loans & Advances are as per books of account and have not been confirmed.**
- 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 of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
- Subject to our comments in Paragraphs 1, 2 and 3 above and further to our comments in the Annexure referred to in paragraph 4 above, we state that :
 - We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purpose of our audit.

- Subject to paragraphs 1, 2 & 3 above, in our opinion, proper books of account as required by law have been kept so far as it appears from our examination of such books.
- In our opinion the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-section 3(C) of Section 211 of the Companies Act, 1956, **subject to**
 - Non-provisioning for liability towards Gratuity and other retirement benefits as required by Accounting Standard - 15 on "Treatment of Retirement Benefits" [vide Note v (4)(a) and V (4)(b) of Schedule 18], and**
 - Non-compliance of the revised Accounting Standard 2 on "Valuation of Inventories" [vide Note (v) (7) of Schedule 18].**

The impact of the above on the loss for the year is not quantifiable.
- The Company's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of accounts.
- The directors of the Company attract disqualification u/s 274(1)(g) as on 30.9.2003.
- Attention is invited to the following matters:
 - Non reconciliation of the balance with excise authorities of Rs.9,98,463 at Puzhal and Perungudi Unit [vide Note V (8)(a)].
 - Provision for purchases Rs.22,63,678 made in 1999-2000 without supporting documents [vide Note no.V (10)].
 - Non-provision of interest on inter corporate deposits and unsecured loans [vide Note no.V.12].
- The overall effect of the paras 5 (c) and (f) is not quantifiable.**
- Subject to our remarks in foregoing paragraphs, the accounts read with the accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:**
 - in the case of the Balance Sheet, of the state of the affairs of the Company as at 30th September, 2003 and
 - in the case of Profit and Loss Account, of the Loss for the year ended on that date.

For P.B.VIJAYARAGHAVAN & CO
Chartered Accountants
P.B.Santhanakrishnan
Partner

Place : Chennai
Date : 29th December, 2003

**ANNEXURE TO THE AUDITORS' REPORT
REFERRED TO IN PARAGRAPH 1 OF OUR
REPORT OF EVEN DATE**

1. *The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, which has in general not been updated since 1994-95 and in some cases since 1989-90. In some cases quantitative particulars and location of Fixed Asset has not been mentioned. We are informed that the management has a reasonable system of Physical verification at periodic intervals at Pondicherry plant. In the absence of physical verification of assets at Puzhal plant, we are unable to comment on discrepancies, if any, that may arise on physical verification.*
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, spare parts and raw material have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
4. The procedures for physical verification of stocks followed by the Management are adequate in relation to the size of the unit and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to the book records were not significant and have been properly dealt with in the books of account.
6. On the basis of our examination of stock records at Pondicherry unit, we are of the opinion that the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles. However, stock records along with the relevant supporting documents were not made available for Puzhal unit. Valuation has been done on the same basis as in 1999 and has not been recomputed in accordance with revised Accounting Standard 2 which has been made mandatory for accounting periods commencing after April 1999.
7. During the year, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 which are prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management as defined in Section 370(1B). [Section 370(1B) has since been deleted].
8. During the year, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 which are prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management as defined in Section 370(1B). [Section 370(1B) has since been deleted].
9. *Loans or advances in the nature of loans have been given by the Company, free of interest to:*
 - a. *Puzhal Panchayat amounting to Rs.22,500/- without any terms of repayment.*
 - b. *Employees as Salary advance which is pending adjustment.*
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and with regard to sale of goods. *However due to non-availability of supporting documents, we are unable to comment on the implementation of the internal control procedures.*
11. According to the information and explanations given to us, there were no purchase of goods, materials and services and sale of goods and materials made in pursuance of contracts of arrangements to be entered in the register maintained under Section 301 of the Companies Act, 1956.
12. As explained to us, at Pondicherry unit unserviceable or damaged stores, raw materials and finished goods and trading stocks are determined at the close of the year and adequate amounts are being written off in the accounts, after review. At Puzhal unit unserviceable or damaged stores, raw materials and finished goods and trading stocks have not been determined at the close of the year and no amount has been written off in the accounts.
13. *The Company has not accepted deposits during the year. According to the information and explanations given to us, in respect of deposits accepted in earlier years, the Company has borrowed certain unsecured loans in the nature of deposits aggregating to Rs.20 lacs which was in excess of the limits prescribed in the Companies (Acceptance of Deposits) Rules 1975 and the Company has not complied with the provisions of Section 58A in respect of*
 - i) *Non-payment of matured deposits of Rs.62,53,000 and interest accrued and due of Rs.38,38,718.*
 - ii) *Return of Deposit has not been filed with the Registrar of Companies.*
 - iii) *Maintenance of Liquid assets as per Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.*
14. As explained to us, the Company's operations do not generate any by-products and in our opinion, reasonable records have been maintained at Pondicherry for the sale of scrap.
15. *No Internal Audit has been carried out during the year nor were any staff appointed for this purpose.*
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. *Provident Fund, Employees Pension Fund and Employees State Insurance dues have not been regularly deposited on due dates with the appropriate authorities.*
18. *According to the information and explanations given to us, and the books and records examined by us, no undisputed amounts payable in respect of income tax, wealth tax, customs duty, excise duty and sales tax were outstanding as at 30.9.2003 for a period of more than six months from the date they became payable excepting Rs.21,38,649 in respect of Sales Tax and tax deducted at source on salaries, contractors and interest.*
19. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations and in accordance with generally accepted business practice.
20. The Company is 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 and on a reference the Board for Industrial and Financial Reconstruction had declared the Company as a sick company.

For P.B.VIJAYARAGHAVAN & CO
Chartered Accountants
P.B.Santhanakrishnan
Partner

Place : Chennai
Date : 29th December, 2003

INDIA RADIATORS LIMITED

BALANCE SHEET AS AT 30th SEPTEMBER, 2003

	Schedule No.	As at 30.9.2003		As at 30.9.2002	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	90,00,000		90,00,000	
Reserves and Surplus	2	76,125	90,76,125	76,125	90,76,125
Loan Funds					
Secured Loans	3	9,84,84,424		8,49,21,979	
Unsecured Loans	4	2,76,81,461		2,67,41,248	
Deferred Tax Liability		44,51,091		44,51,091	
			13,06,16,976		11,61,14,318
			13,96,93,101		12,51,90,443
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	6,47,00,650		6,47,00,650	
Less : Depreciation		3,85,59,824		3,61,11,006	
Net Block		2,61,40,826		2,85,89,644	
Add : Capital work-in-progress		—		11,61,674	
			2,61,40,826		2,97,51,318
Current Assets, Loans and Advances					
Inventories	6	78,71,926		87,00,129	
Sundry Debtors	7	—		8,41,605	
Cash and Bank Balances	8	1,94,406		14,61,330	
Loans and Advances	9	1,91,88,918		1,90,48,062	
		2,72,55,250		3,00,51,126	
Less : Current Liabilities and Provisions					
Current Liabilities	10	5,00,97,264		5,04,23,476	
Provisions	11	38,21,000		38,21,000	
		5,39,18,264		5,42,44,476	
			(2,66,63,014)		(2,41,93,350)
Profit and Loss Account		14,08,68,089		12,02,85,276	
Less: Balance in General Reserve		6,52,800	14,02,15,289	6,52,800	11,96,32,476
			13,96,93,101		12,51,90,443
Accounting Policies and Notes on Accounts	13				
Schedules 1 to 11 and 18 form part of this Balance Sheet.					

G. Raja
Director

T.V. Venugopal
Director

K. Nadasundaram
Director

T. Govindarajan
Director

This is the Balance Sheet
referred to in our report
of even date.
For P.B.VIJAYARAGHAVAN & CO.
Chartered Accountants
P.B. Santhanakrishnan
Partner

Place : Chennai
Date : 29th December, 2003

FOR INDIA RADIATORS LIMITED


Director

INDIA RADIATORS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2003

	Schedule No.	For the year ended 30.9.2003		For the year ended 30.9.2002	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales Less Returns	12	27,59,770		63,84,560	
Other Income	13	<u>2,86,648</u>		<u>4,49,964</u>	
			30,46,418		68,34,524
EXPENDITURE					
Materials	14	15,34,743		33,59,261	
Salaries, Wages and Employees Benefits	15	1,66,023		2,05,802	
Other Expenses	16	42,88,591		1,58,34,663	
Interest	17	<u>1,51,91,056</u>		<u>1,35,00,373</u>	
			<u>2,11,80,413</u>		<u>3,29,00,099</u>
Loss before depreciation			(1,81,33,995)		(2,60,65,575)
Depreciation for the year			<u>24,48,818</u>		<u>24,89,242</u>
Loss before taxation			(2,05,82,813)		(2,85,54,817)
Add : Balance brought forward from last year			(12,02,85,276)		(8,72,79,368)
Deferred Tax Liability			—		(44,51,091)
			<u>(14,08,68,089)</u>		<u>(12,02,85,276)</u>
APPROPRIATIONS					
Balance carried to Balance Sheet			<u>(14,08,68,089)</u>		<u>(12,02,85,276)</u>
Basic and Diluted Earnings per Share			(22.87)		(31.73)
Accounting Policies and Notes on Accounts	18				

Schedules 12 to 18 form part of this Profit and Loss Account.

G. Raja
Director

T.V. Venugopal
Director

K. Nadasundaram
Director

T. Govindarajan
Director

This is the Profit & Loss Account referred to in our report of even date.
For P.B.VIJAYARAGHAVAN & CO.
Chartered Accountants
P.B. Santhanakrishnan
Partner

Place : Chennai
Date : 29th December, 2003

9 FOR INDIA RADIATORS LIMITED


Director.

INDIA RADIATORS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As at 30.9.2003 Rs.	As at 30.9.2002 Rs.
SHARE CAPITAL	SCHEDULE 1	
Authorised		
20,00,000 Equity shares of Rs.10 each	2,00,00,000	2,00,00,000
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
b. Dividend Equalisation Reserve – As per last Balance Sheet	75,000	75,000
	<u>76,125</u>	<u>76,125</u>
SECURED LOANS	SCHEDULE 3	
(a) From Bankers		
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 Puzhal, Chennai (Interest accrued and due - Rs.1,26,98,385/- (2001-2002 Rs.Rs.1,08,56,428/-)	4,03,01,236	3,56,34,649
(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 (Interest accrued on the loan Rs.3,40,66,595/-) (2001-2002 Rs.2,51,70,737/-)	5,05,31,595	4,16,35,737
(c) From Others		
Secured on Hire Purchase of Vehicles and Hypothecation of Plant and Machinery, Equipment and other movable property	76,51,593	76,51,593
	<u>9,84,84,424</u>	<u>8,49,21,979</u>
UNSECURED LOANS	SCHEDULE 4	
a) Fixed Deposits - [Amount overdue Rs.62,53,000/- (Rs.62,53,000/-)]	62,53,000	62,53,000
b) Interest accrued and due on Fixed Deposits	38,38,718	28,98,505
c) Short Term Loans and Advances from others	1,75,89,743	1,75,89,743
	<u>2,76,81,461</u>	<u>2,67,41,248</u>
FIXED ASSETS	SCHEDULE 5	

Description	COST			DEPRECIATION			NET VALUE	
	As at 30.09.2002 (Rs.)	Additions/ (Deductions) during the year (Rs.)	As at 30.09.2003 (Rs.)	As at 30.09.2002 (Rs.)	Depreciation for the year (Rs.)	As at 30.09.2003 (Rs.)	As at 30.09.2003 (Rs.)	As at 30.09.2002 (Rs.)
Freehold Land	76,357	—	76,357	—	—	—	76,357	76,357
Buildings	93,14,362	—	93,14,362	38,17,460	2,95,188	41,12,648	52,01,714	54,96,902
Leasehold Land	89,546	—	89,546	—	—	—	89,546	89,546
Plant and Machinery	4,90,94,524	—	4,90,94,524	2,81,24,978	19,28,251	3,00,53,229	1,90,41,295	2,09,69,546
Electrical Installation	25,16,242	—	25,16,242	10,22,566	1,12,435	11,35,001	13,81,241	14,93,676
Furniture and Fixtures	10,25,617	—	10,25,617	9,59,893	56,521	10,16,414	9,203	65,724
Office Equipments	5,17,179	—	5,17,179	2,71,905	23,038	2,94,943	2,22,236	2,45,274
Computers	15,23,066	—	15,23,066	15,16,222	6,844	15,23,066	—	6,844
Airconditioner, Water cooler and Refrigerator	3,01,755	—	3,01,755	2,55,971	7,639	2,63,610	38,145	45,784
Vehicles	2,42,002	—	2,42,002	1,42,011	18,902	1,60,913	81,089	99,991
Total	6,47,00,650	—	6,47,00,650	3,61,11,006	24,48,818	3,85,59,824	2,61,40,826	2,85,89,644

INDIA RADIATORS LIMITED

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

	Rs.	As at 30.9.2003 Rs.	As at 30.9.2002 Rs.
INVENTORIES			SCHEDULE 6
(As verified, valued and certified by the Management)			
Stores and Spares		23,940	11,511
Packing Materials		8,227	2,560
Tools		3,35,964	13,12,579
Raw Materials		4,18,509	3,80,580
Sub-Assemblies		49,01,844	48,63,079
Finished Goods		1,78,999	1,78,999
Work-in-progress		20,04,442	19,50,821
		<u>78,71,926</u>	<u>87,00,129</u>
SUNDRY DEBTORS			SCHEDULE 7
Unsecured			
a) Outstanding over six months:	4,64,948		
Less: Bad Debts Written off	<u>4,64,948</u>	—	3,40,997
b) Other Debts		—	5,00,608
		<u>—</u>	<u>8,41,605</u>
CASH AND BANK BALANCES			SCHEDULE 8
Cash and cheques on hand		8,117	5,714
With Scheduled Banks			
On current account (including dividend account)		1,86,289	7,05,616
On Fixed Deposit account		—	7,50,000
Import Margin Money		—	—
		<u>1,94,406</u>	<u>14,61,330</u>
LOANS AND ADVANCES			SCHEDULE 9
Unsecured and Considered Good			
Advances recoverable in cash or in kind or for value to be received		1,37,26,384	1,36,26,041
Interest accrued but not due		58,130	58,130
Advance payment of income tax and tax deducted at source		44,05,941	44,05,941
Balance with Central Excise Authorities		9,98,463	9,57,950
		<u>1,91,88,918</u>	<u>1,90,48,062</u>
LIABILITIES			SCHEDULE 10
Acceptances		29,15,805	36,65,805
Sundry Creditors *1		4,71,42,213	4,67,18,425
Unclaimed Dividends		39,246	39,246
		<u>5,00,97,264</u>	<u>5,04,23,476</u>
* - Total outstanding dues to Small Scale Industrial undertakings Rs.3,28,499/-			
† - Outstanding amount to SSI units exceeding Rs.1 lac and pending for more than 30 days			
Sl.No.	Name of the party	Amount	
1.	Karpaga Vinayagar Industries	2,89,623/-	
PROVISIONS			SCHEDULE 11
Taxation		38,21,000	38,21,000
		<u>38,21,000</u>	<u>38,21,000</u>

INDIA RADIATORS LIMITED

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

		For the year ended 30.9.2003 Rs.	For the year ended 30.9.2002 Rs.
SALES			SCHEDULE 12
Heat Exchangers		27,59,770	63,84,560
		<u>27,59,770</u>	<u>63,84,560</u>
OTHER INCOME			SCHEDULE 13
For Services rendered		2,86,648	3,44,730
Interest		—	1,05,234
		<u>2,86,648</u>	<u>4,49,964</u>
MATERIAL CONSUMPTION			SCHEDULE 14
1) Raw Materials			
Opening Stock	3,80,580		3,17,964
Add : Purchases	13,13,604		24,35,115
	<u>16,94,184</u>		<u>27,53,079</u>
Less : Closing Stock	4,18,509		3,80,580
		12,75,675	23,72,499
2) Sub-Assemblies			
Opening Stock	48,63,079		50,89,065
Add : Purchases	2,43,289		3,70,448
	<u>51,06,368</u>		<u>54,59,513</u>
Less : Closing Stock	49,01,844		48,63,079
		2,04,524	5,96,434
Less : Excise Duty Relief		14,80,199	29,68,933
		81,339	1,04,041
		13,98,860	28,64,892
3) Stores and Spares		2,15,088	4,59,522
4) Packing Materials		44,796	1,08,304
		<u>16,58,745</u>	<u>34,32,719</u>
5) Increase/Decrease in Work-in-progress & Finished Goods			
Opening Stock			
Work-in-progress	19,50,821		19,31,708
Finished Goods	1,78,999		1,84,459
	<u>21,29,820</u>		<u>21,16,167</u>
Less : Closing Stock			
Work-in-progress	20,04,442		19,50,821
Finished Goods	1,78,999		1,78,999
		(53,621)	(13,653)
		16,05,124	34,19,066
6) Less : Scrap Sales		70,381	59,805
		<u>15,34,743</u>	<u>33,59,261</u>
SALARIES, WAGES AND EMPLOYEE BENEFITS			SCHEDULE 15
Salaries and Wages		37,814	35,700
Contribution to E.P.F. and F.P.F.		583	96,917
Contribution to Gratuity		71,388	—
Staff Welfare Expenses		56,238	73,185
		<u>1,66,023</u>	<u>2,05,802</u>

INDIA RADIATORS LIMITED

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

	For the year ended 30.9.2003 Rs.	For the year ended 30.9.2002 Rs.
OTHER EXPENSES		SCHEDULE 16
Rent (Net of recoveries)	53,500	59,500
Freight Charges (outward)	78,115	1,01,760
Insurance	57,198	1,14,186
Rates and Taxes	47,704	31,843
Power and fuel	3,04,488	3,58,204
Repairs and Maintenance 1) Machinery	65,207	1,27,207
2) Building	1,46,425	1,55,197
3) Others	77,740	62,037
Audit Fees 1) Audit	20,000	20,000
2) Taxation Services	10,000	10,000
3) Certification of Statements	10,000	10,000
Telephone Charges	53,546	76,800
Small Tools Written off	9,76,615	1,34,591
Legal Fees	54,400	23,000
Bank/discounting charges	1,32,325	83,537
Travelling expenses	57,020	90,536
Exchange rate difference (Nett)	57,563	36,659
Factory Security Charges	91,573	1,16,613
Royalty	51,244	91,363
Miscellaneous expenses	2,49,479	2,20,677
Amount Written-off	12,29,501	—
Stocks Written-off	—	30,90,033
Bad Debts Written-off	4,64,948	1,08,20,914
	42,88,691	1,58,34,663

INTEREST

Secured Loan	1,38,40,120	1,21,47,541
Fixed Deposit	9,40,213	9,40,213
Others	4,10,723	4,12,619
	1,51,91,056	1,35,00,373

SCHEDULE 17

SCHEDULE 18

NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

- i) The Company was referred to the Board for Industrial & Financial Reconstruction which had declared the Company as a Sick Company, under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, and appointed IDBI as Operating Agency (OA) for determination of the measures to be adopted with the Company. The proposal submitted by the Company providing for settlement of dues to the financial institutions and banks, dues to suppliers and workers, and run the Company with viable Pondicherry unit only did not find support from the Operating Agency. On the basis of the Operating Agency's report BIFR has formed an opinion that the Company cannot be revived and recommended to the Madras High Court that steps be taken in terms of the Companies Act for winding up of the Company. The Company has filed in November '03 an appeal before the Appellate Authority for Industrial and Financial Reconstruction against the BIFR Order. The management also proposed to file writ petition in the Madras High Court for stay of the operations of the BIFR Order.

Pending on our appeal the accounts of the Company have, therefore, been prepared on the basis of the accounting principles applicable to a 'Going Concern'.

- ii) Financial statements have been prepared under the historical cost convention. Generally revenue is recognised on accrual basis with provision made for known losses and expenses.

iii) Balance Sheet

1. a) 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.
- b) Expenditure incurred on assembling tools and machinery for Company use are kept in capital work in progress and are capitalised at the time of completion and put into use.

INDIA RADIATORS LIMITED

2. Inventories are valued at lower of cost or net realisable value. Cost of Raw Materials includes freight, excise and customs duties and is net of credits under MODVAT Scheme. Excise duty on finished goods is added on to cost.
3. 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 30th September and Gains/Losses on rate fluctuations between the date of transaction and date of payment/receipt/and period end transaction are charged to Profit and Loss account.

iv) 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.

v) Notes to the Balance Sheet and Profit and Loss Account

1. State Bank of India has treated the Loan account (Cash Credit) as a Non-performing Asset and have not debited interest for the period from 1st April, 1999 to 30th September, 2003. However Provision has been made at the contracted rate and is shown under Secured Loans. No provision has been made towards the interest on interest and Penal interest if any, which is not presently quantifiable.

2. Contingent Liabilities	<u>2002-2003</u>	<u>2001-2002</u>
a) Income tax and Sales tax demands under which dispute in respect of which appeals are pending	22,79,963	22,79,963
b) Arbitration award compensation	3,40,000	3,40,000
c) Penal Interest charged by First Leasing Company	56,22,228	56,22,228

3. a) The Tamilnadu Government has already informed the High Court of Madras that they have resolved to reassign the land to individual Companies purchased from original assignee. The Company has moved the Government for issue of orders for reassignment in its favour subject to payment of the amount due as per the Arbitration Award. Pending receipt of demand no provision has been made in the accounts.
- b) The demand from Government for urban land tax on property at Puzhal for Rs.68,667/- is contested through writ petition. The High Court of Madras has stayed 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 of Madras for final disposal.
4. a) No provision has been considered necessary for salary, provident fund contribution, employee state insurance dues, gratuity and superannuation of the employees of Puzhal unit, which is under suspension of operations since November 1999 and Pondicherry unit. The management has viewed that no further payments are due after suspension of operations, and the dispute is pending before various authorities. The ultimate liability if any, is not presently quantifiable.
- b) No provision has been made for the gratuity and contribution to superannuation fund for other employees.
5. The total outstanding dues to Small Scale Industrial undertakings have been determined to the extent such parties have been identified on the basis of information available with the Company.
6. In respect of certain inoperative bank accounts aggregating to Rs.53,511/- neither Bank statements or confirmation of balances, although called for have been received.
7. Owing to the suspension of operations, the supporting documents relating to stock at the Puzhal unit could not be accessed. The rates applied are in line with previous period. The same is not recomputed in accordance with revised Accounting standard-2 issued by the Institute of Chartered Accountants of India which has become mandatory for accounting periods commencing on or after 1.4.99.
8. Loans and advances include:
 - a) Balance with Excise authorities Rs.9,98,463/- of Puzhal and Perungudi units which has not been reconciled with Excise records.
 - b) Advances given to staff of Puzhal unit Rs.37,99,130/- will be adjusted against final settlement.
9. No provision is presently considered necessary in respect of Loans and Advances and deposit accounts which are subject to confirmation. However, in the opinion of the management, all current assets, debtors and loans/advances would except for certain items, [provision made in the books] in the ordinary course of business, realise the values as stated in the accounts.
10. Current liabilities include provision for purchases amounting to Rs.22,63,678/- made during the previous year which are estimated and are not proved with vouchers/supporting documents. The final values will be determined when the relevant records of the Puzhal factory become accessible.
11. As stated in the Schedule 3 to the Balance Sheet a portion of the plant and machinery of the Puzhal unit is treated by the Company as assets under hypothecation, while the lender is claiming that the assets are covered by hire purchase agreement and the amount payable to the lender towards the balance of instalments has been shown as liabilities in the Balance Sheet.
12. Interest has not been provided on Inter Corporate Deposits taken from Riviera Auto Components, SICCO Private Limited and Vee Tee Chains Private Limited and unsecured loan given by Mr. V.Chidambaram.
13. A sum of Rs.4,57,983 paid in earlier years to IDBI has been adjusted towards interest by the institution. However the Company has treated it as payment towards principal.
14. The post of the Secretary has not yet been filled up as required under Section 383A of the Companies Act, 1956.
15. There has been burglary/theft notified in November 2001 of stock of Raw Materials, Components and Sub-Assemblies worth estimated at Rs.31 lacs at Puzhal factory. The Insurance Company has repudiated the claim made by the Company.

INDIA RADIATORS LIMITED

16. There being only one line of activity during the year, segment reporting is not considered necessary.

17. Related party Disclosures:

Related Parties wherein there exists control:
Mr. V.Chidambaram

Related Party relationships:

Unsecured Loan given by (Late) Mr. V.Chidambaram outstanding as on 30.9.2003, Rs.1,19,93,711. Interest has been provided for the same.

18. The Accounting standard AS-22 'Accounting for taxes on income' has come into effect from April 1, 2001 and accordingly the provision for deferred tax liability has been made. Consequently the cumulative net deferred tax liability up-to March, 2001 amounting to Rs.42.50 lacs has been charged to Profit and Loss Account on April 1, 2001.

a) Deferred tax liability arising out of timing difference relating to Depreciation Rs.44.51 lakhs.

19. Earning per share	30.9.2003	30.9.2002
Profit/(Loss) after taxation as per Profit & Loss Account	(205.83)	(285.56)
No. of Shares used in computing earnings per share	9,00,000	9,00,000
Earnings per share - Basic and diluted (in rupees)	(22.87)	(31.70)
Face value per share (in rupees)	10	

20. Previous period figures have been regrouped wherever necessary.

B. QUANTITATIVE AND OTHER PARTICULARS

1. Installed Capacity and Actual Production	Installed Capacity		Actual Production	
	2002-03	2001-02	2002-03	2001-02
	Nos.	Nos.	Nos.	Nos.
Automobile Radiators, Heavy Duty Radiators and Heat Exchangers	75,600	75,600	—	—
Heat Exchanger Unit - Pondicherry	50,000	50,000	3,035	7,010

2. Particulars in respect of	Opening Stock		Closing Stock		Sales	
	Quantity	Value	Quantity	Value	Quantity	Value
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
Automobile Radiators						
2002-03	39	1,78,999	39	1,78,999	—	—
2001-02	39	1,78,999	39	1,78,999	—	—
Heat Exchangers						
2002-03	—	—	—	—	3,035	7,016
2001-02	6	5,460	—	—	7,016	63,84,560

3. Raw Materials Consumed	2002-03		2001-02	
	Quantity	Value	Quantity	Value
	Kg.	Rs.	Kg.	Rs.
C.R.Sheets (Nos.)	1,091	1,10,043	1,553	4,29,984
Copper Strips	893	3,02,069	1,576	5,48,722
C.R.Steel Sheets	10,409	4,04,763	18,546	4,83,158
C.R.S.S. Coils	2,948	4,58,800	6,227	9,10,635

4. a. Value of Imports on C.I.F Basis		
Raw Materials	—	2,18,096
b. Expenditure in Foreign Currency during the year on account of Technical Know-how		2,24,353
c. Value of Raw Materials, Spare Parts and Components consumed during the year		
Imported	—	4,29,984
Indigenous	14,80,199	25,38,949
Percentage of each to total Consumption		
Imported	—	14.48%
Indigenous	100%	85.52%

G. Raja
Director

T.V. Venugopal
Director

K. Nadasundaram
Director

For P.B.VIJAYARAGHAVAN & CO.
Chartered Accountants
P.B. Santhanakrishnan
Partner

Place : Chennai
Date : 29th December, 2003

T. Govindarajan
Director

INDIA RADIATORS LIMITED

ANNEXURE TO CLAUSE 32 OF THE LISTING AGREEMENT CASH FLOW STATEMENT FOR THE PERIOD ENDED 30.9.2003

	30.9.2003 (Rs.)	30.9.2002 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	(2,05,82,813)	(2,85,54,817)
Add: Depreciation	24,48,818	24,89,242
Interest charges	1,51,91,056	1,35,00,373
Exchange currency fluctuation	57,563	36,659
Bad debts written off	4,64,948	1,08,20,914
Small tools written off	976,615	1,34,591
Stock written off	—	30,90,033
Amounts written off	12,29,501	—
	<u>2,03,68,501</u>	<u>3,00,71,812</u>
Less: Interest income	—	1,05,234
Profit on sale of assets	2,03,68,501	2,99,66,578
Operating Profit before working capital changes	(2,14,312)	14,11,761
Trade and other receivables	1,34,602	(4,68,060)
Trade and other payables	3,66,225	(7,88,535)
Inventories	(1,48,412)	1,60,999
	<u>3,52,415</u>	<u>(10,95,596)</u>
Cash generated from operations	1,38,103	3,16,165
Net Cash flow from operating activities before extraordinary items	1,38,103	3,16,165
Exchange currency fluctuation (net)	(57,563)	(36,659)
Net Cash Flow from operating activities	80,540	2,79,506
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets (Includes Capital WIP)	—	—
Sale of fixed assets	—	—
Interest received	—	1,05,234
Net Cash from investing activities	—	1,05,234
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	—	—
Proceeds from Unsecured loans	—	—
Increase in Working Capital	—	1,32,981
Interest paid	(22,95,799)	(19,22,240)
Net Cash used in financing activities	(22,95,799)	(17,89,259)
D. Net Increase/(Decrease) in cash flow	(12,66,924)	(14,04,519)
E. Opening Cash & Cash Equivalents	14,61,330	28,65,849
F. Closing Cash & Cash Equivalents	1,94,406	14,61,330

Raja
Director

T.V. Venugopal
Director

K. Nadasundaram
Director

For P.B.VIJAYARAGHAVAN & CO.
Chartered Accountants
P.B. Santhanakrishnan
Partner

Place : Chennai
Date : 29th December, 2003

T. Govindarajan
Director

AUDITORS' CERTIFICATE

We have examined the above cash flow statement for the year ended 30th September, 2003. The Statement has been prepared by the Company in accordance with the requirements of listing agreement (clause 32) with Stock Exchange 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.

For P.B.VIJAYARAGHAVAN & CO
Chartered Accountants
P.B. Santhanakrishnan
Partner

Place : Chennai
Date : 29th December, 2003

**Balance Sheet Abstract & Company's General Business Profile
as per part IV to Schedule VI of the Companies Act, 1956**

I. Registration Details

Registration No.	9	6	3	State Code	1	8
Balance Sheet Date	3	0	0	9	2	0
	Date	Month	Year			

II. Capital Raised during the year [Amount Rs. in thousands]

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

III. Position of Mobilisation and Deployment of Funds [Amount Rs. in thousands]

Total liabilities	Total Assets
1 9 3 6 1 1	1 9 3 6 1 1
Sources of Funds	
Paid-up Capital	Reserves and Surplus
9 0 0 0	7 6
Secured Loans	Unsecured Loans
9 8 4 8 4	2 7 6 8 1
Application of Funds	
Net Fixed Assets	Investments
2 6 1 4 1	N I L
Net Current Assets	Miscellaneous Expenditure
- 2 6 6 6 3	N I L
Accumulated Losses	
1 4 0 2 1 5	

IV. Performance of Company [Amount Rs. in thousands]

Turnover	Total Expenditure
3 0 4 6	2 3 6 2 9
+ -	+ -
Profit/Loss Before Tax	Profit/Loss After Tax
2 0 5 8 3	2 0 5 8 3
+ -	+ -
Earnings Per Share Rs.	Dividend Rate %
2 2 8 7	N I L

V. Generic Names of Three Principal Products / Service 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

G. Raja
Director

T.V. Venugopal
Director

K. Nadasundaram
Director

For P.B.VIJAYARAGHAVAN & CO.
Chartered Accountants
P.B. Santhanakrishnan
Partner

Place : Chennai
Date : 29th December, 2003

T. Govindarajan
Director

INDIA RADIATORS LIMITED

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

Principal Office : 39/1, G.N. Chetty Street, 1st Floor, Mylapore, Chennai - 600 004.

ATTENDANCE SLIP

Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the Meeting Hall.

I hereby record my presence at the 54th ANNUAL GENERAL MEETING of the Company at ICSA Programme Centre, 'JEEVANA JYOTHI BUILDING', 107, Pantheon Road, Egmore, Chennai - 600 008, at 10.05 a.m. on Friday the 20th February, 2004.

Full name of the Shareholder
(in block capital)

Signature

Folio No. _____

Full name of Proxy
(in block capital)

Signature

INDIA RADIATORS LIMITED

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

of in the district of

as my/our Proxy to vote for me/us on my/our behalf at the 54th Annual General Meeting of the Company, to be held on 20th February, 2004 and at any adjournment thereof.

Signed this day of 2004.

Signature.....

Affix
Re.1.00
Revenue
Stamp

Note: The proxy must be deposited at the Registered Office of the Company at 36-40 Armenian Street, Chennai - 600 001, not less than 48 hours before the time for holding the meeting. The proxy need not be a member of the Company.

BOOK POST

If undelivered, please return to:

INDIA RADIATORS LIMITED

39/1, G.N. Chetty Street, 1st Floor,
Mylapore, Chennai - 600 004.