

INDIA RADIATORS LIMITED

CHENNAI

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ANNUAL REPORT
AND ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER
2002

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INDIA RADIATORS LIMITED CHENNAI

DIRECTORS

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

REGISTERED OFFICE

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

AUDITORS

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

PRINCIPAL OFFICE

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

BANKERS

State Bank of India, Commercial Branch,
Chennai - 600 001.
The Catholic Syrian Bank Ltd., Chennai - 600 001.
Indian Bank, Chennai - 600 001.

OFFICE & FACTORY

Puzhal, Chennai - 600 066.
Telegram : 'BHERCOOL'
PIDIC Indl. Estate,
Sedarapet,
Pondicherry - 605 111.
Telephone / Fax : (0413) 2677154

BALANCE SHEET AT A GLANCE

| | As at 30th September, 2002 | | As at 30th September, 2001 | | (Rs. in lacs) |
|--------------------------------|----------------------------------|-----------|----------------------------------|--|---------------|
| | | | | | |
| What the Company has : | | | | | |
| Fixed Assets (Gross) | 658.62 | | 658.62 | | |
| Less : Depreciation | 361.11 | | 336.22 | | |
| Net Block | | 297.51 | | | 322.40 |
| Current Assets : | | | | | |
| Stock | 87.00 | | 120.86 | | |
| Book Debts | 8.43 | | 118.22 | | |
| Cash and Bank Balances | 14.61 | | 28.65 | | |
| Loans and Advances | 190.48 | 300.52 | 184.20 | | 451.93 |
| | | 598.03 | | | 774.33 |
| What the Company Owes : | | | | | |
| Secured Loans | 849.22 | | 745.61 | | |
| Unsecured Loans | 267.41 | | 258.01 | | |
| Current Liabilities : | | | | | |
| Creditors | 504.23 | | 508.02 | | |
| Taxation | 38.21 | | 38.21 | | |
| Deferred Tax Liabilities | 44.51 | | — | | |
| | | 1703.58 | | | 1549.85 |
| NET WORTH | | (1105.55) | | | (775.52) |
| Represented by : | | | | | |
| Equity Capital | 90.00 | | 90.00 | | |
| Reserves | (1195.55) | | (865.52) | | |
| | | (1105.55) | | | (775.52) |

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.

To
ALL SHAREHOLDERS

NOTICE

Notice is hereby given that the Fifty Third Annual General Meeting of the Shareholders of INDIA RADIATORS LIMITED will be held on Wednesday, the 26th March, 2003 at 10.15 A.M. at M.A.Chidambaram Conference Hall, Southern India Chamber of Commerce & Industry, Indian Chamber Buildings, Esplanade, Chennai - 600 108 to transact the following business:

AGENDA

1. To receive, consider and adopt the audited Balance Sheet & Profit & Loss Account as at 30.9.2002 and the Reports of the Directors and Auditors as at that date.
2. To elect a Director in the place of Mr.T.V.Venugopal who retires by rotation and being eligible offers himself for re-election.
3. To elect a Director in the place of Mr.M.Natarajan who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors for the current year and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr.T.Govindarajan, whose period of office is liable for determination of Directors by rotation, be and is hereby appointed a Director of the Company".

By Order of the Board
For India Radiators Limited

K. Nadasundaram
Director

Place : Chennai
Date : 31st December, 2002

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.
2. The Register of Members and Share Transfer Books of the Company will be closed from 19th March 2003 to 26th March 2003 (both days inclusive).
3. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business is annexed hereto.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out the material facts relating to Item No.5 of the Notice convening the Fifty Third Annual General Meeting.

Item No.5

Mr. T.Govindarajan was co-opted as an Additional Director in the place of Mr. N.Gnanadesikan who has resigned from the Board on 23rd September, 2002.

As per the provisions of Section 260 of the Companies Act, 1956, Mr. T.Govindarajan, Director hold office upto the date of the AGM. Further, in terms of Section 257 of the Companies Act, 1956, the Company has received notice from a shareholder, together with the required deposit, signifying their intention to propose the candidate as Director of the Company.

On his appointment as Director at the Forthcoming Annual General Meeting, the new incumbent will continue to act as Director of the Company.

MEMORANDUM OF INTEREST

Mr. T. Govindarajan, is deemed to be interested in the above resolution relating to his appointment as Director of the Company. No other Director is interested or concerned in the above resolution.

By Order of the Board
For India Radiators Limited

K. Nadasundaram
Director

Place : Chennai
Date : 31st December, 2002

INDIA RADIATORS LIMITED**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS ON THE ACCOUNTS
FOR THE PERIOD ENDED 30TH SEPTEMBER, 2002**

Your Directors are submitting herewith their report together with Audited Accounts for the year ending 30th September, 2002.

The Company incurred a loss of Rs.285.55 lacs for the year under report as shown below:

| | |
|--|----------------------|
| | Rs. |
| Net Loss before depreciation and provision for taxation | (2,60,65,575) |
| Add : Depreciation for the year | <u>24,89,242</u> |
| Net Loss before provision for taxation carried over to balance sheet | <u>(2,85,55,517)</u> |

The cumulative loss as at 30.9.2002 was Rs.11.96 crores.

PRODUCTION AND SALES**AUTOMOBILE RADIATORS & HEAVY DUTY RADIATORS**

The Company sales during the year have been severely affected due to continued suspension of manufacturing operations of Puzhal plant from 16.11.1999 and closure of Perungudi unit. Although the order load was encouraging the capacity utilisation of the heat exchanger unit at Pondicherry continued to be at sub-optimal level due to working capital constraints. The Company is taking other measures on this front with the positive response received from the vehicle manufacturer to improve the turnover.

The Company was able to achieve a turnover of Rs.63.85 lacs for the period ended 30.9.2002 on Pondicherry plant production and sales.

REFERENCE TO BIFR

As members may be aware, the Company had 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 to work out the rehabilitation/revival package for the Company.

BIFR has given further directions to IDBI (OA) in regard to the Revival Plan for the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that, subject to the observations made in Notes on Accounts:

- 1) in the preparation of the annual accounts, the applicable accounting standards had been followed.
- 2) 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.
- 3) 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 deducting fraud and other irregularities.
- 4) the Directors had prepared the annual accounts on a going concern basis.

DIRECTORS

The Board of Directors sincerely regret to note the sad demise of the doyen of Automobile Industry Mr. V. Chidambaram on 12.10.2002. He was associated with the Company in various capacities for three decades and lastly as Chairman till 3rd March, 2001. After relinquishing his charge as Chairman of the Company he was kind enough to be as Chairman Emeritus of the Company. Being a mentor and guide to the Company, his passing away is an irreparable loss to the Company and to the Automobile community as well.

Mr. N.Gnana Desikan, Director of the Company submitted his resignation from the Board of the Company with effect from 23.9.2002.

The Board wishes to place on record the invaluable services rendered by the outgoing Directors.

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

1. Mr.T.V.Venugopal
2. Mr.M.Natarajan

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.P.B.Vijayaraghavan & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting and are eligible for re-appointment for the current year.

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

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION AND FOREIGN EXCHANGE EARNINGS

Efforts have been made to save energy cost through improving energy conservation measures.

Place : Chennai
Date : 31st December, 2002

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

INDIA RADIATORS LIMITED**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, 2002 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.

1. 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. (Refer Note A(i), Schedule 18).
2. 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.1,04,734 and margin money account Rs.7,50,000 were not made available to us.**
3. **Balance in Debtors, Creditors and Loans & Advances are as per books of account and have not been confirmed.**
4. 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.
5. 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 :
 - (a) 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.
 - (b) 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.
 - (c) 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**
 - i. **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 (ii) (3) of Schedule 18], and**
 - ii. **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.**
 - (d) The Company's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of accounts.
 - (e) The directors of the Company attract disqualification u/s 274(1)(g) as on 30.9.2002.
 - (f) Attention is invited to the following matters:
 - i) Non reconciliation of the balance with excise authorities of Rs.9,50,501 at Puzhal and Perungudi Unit [vide Note (v) 8(a)].
 - ii) Provision for purchases Rs.22,63,678 made in 1999-2000 without supporting documents [vide Note no.(v) 10].
 - iii) Non-provision of interest on inter corporate deposits and unsecured loans [vide Note no.(v) 11].
6. **The overall effect of the paras 5 (c) and (f) is not quantifiable.**
7. **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:
 - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 30th September, 2002 and
 - ii) in the case of Profit and Loss Account, of the Loss for the year ended on that date.

Place : Chennai
Date : 31st December, 2002

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

**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 of Physical verification at periodic intervals at Pondicherry plant. **Due to suspension of activities, physical verification of assets has not been carried out at Puzhal 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.**