

INDIA RADIATORS LIMITED

CHENNAI

ANNUAL REPORT

AND ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER
2003

54

Report  Junction.com

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	<u>(2,05,82,813)</u>

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-À-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

2. 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.
3. 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.
4. 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	Independent	Nil	No
(Nominee Director of PIPDIC Ltd)			

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	1	Nil	Nil
(Nominee Director of PIPDIC Ltd)			

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.

1. Mr.K.Nadasundaram
2. Mr. G.Raja
3. Mr. T.Govindarajan

The Scope of the Committee includes:

- a) Review of Company's financial reporting process and the financial statement;
- b) Review of the internal control system.
- c) Post Audit review with Statutory Auditors, Scope of audit and observations of auditors.
- d) 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

INDIA RADIATORS LIMITED

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.