



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

## CG IGARASHI MOTORS LTD.

Regd. Office : Plots No. B12 - B15, Phase II, MEPZ, Tambaram, Chennai - 600 045, Tamil Nadu

Report  junction.com

**5<sup>th</sup>**  
Annual Report  
1996-97



**CG IGARASHI MOTORS LIMITED**

**BOARD OF DIRECTORS**

K.K. NOHRIA (Chairman)

C.P. DUSAD

G.N. MANI

J.L. GAZA

K. IGARASHI

K.S. BROCA

T. IGARASHI

K. NARAYANAN (Alternate to J.L. Gaza & K. Igarashi)

**MANAGER**

P. MUKUND

**SECRETARY**

A.S. NARAYANAN

**AUDITORS**

SHARP & TANNAN

**BANKERS**

ANZ GRINDLAYS BANK plc  
BANK OF BARODA  
THE BANK OF TOKYO - MITSUBISHI, LTD.

**REGISTERED OFFICE & FACTORY**

PLOTS NO.B-12 TO B-15, PHASE II  
MADRAS EXPORT PROCESSING ZONE,  
TAMBARAM, CHENNAI - 600 045.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.

**CG IGARASHI MOTORS LIMITED****NOTICE**

NOTICE is hereby given that the FIFTH ANNUAL GENERAL MEETING of CG IGARASHI MOTORS LIMITED will be held at Rani Seethai Hall, 603, Anna Salai, Chennai 600 006 on Monday, the 25th August, 1997 at 4.00 p.m. to transact the following business :

**ORDINARY BUSINESS**

1. To consider and adopt the Balance Sheet as at 31st March 1997, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. C.P. Dusad, who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. G.N. Mani, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors for the Company and authorise the Board of Directors to 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 the consent of the Company be and is hereby accorded, subject to approval by Bank of Baroda and ICICI Ltd, in terms of section 293 (1) (a) and other applicable provisions if any of the Companies Act, 1956 to the creation of a charge by the Board of Directors of the Company in favour of Bank of Tokyo-Mitsubishi, Ltd, by way of an equitable mortgage on and over all the immovable properties, both present and future, building constructed/to be constructed thereon and all fixed plant and machinery installed / to be installed thereon to secure the working capital assistance of both funded and non-funded facilities aggregating to Rs.210 lakhs availed / to be availed; provided that this charge does not include the movable and immovable properties on which exclusive first charge is created / to be created in favour of ICICI Ltd, on such properties in respect of which monies are funded / to be funded by ICICI Ltd.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with Bank of Tokyo-Mitsubishi, Ltd, the documents for creating the aforesaid mortgage and/or charge with / without variation in the extent of charge as per the Sanction, and any other documents and to do such acts and things as may be necessary for giving effect to the above Resolution."

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The relative Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of item No.5 is annexed hereto.
3. The Register of Members and Transfer Books of the Company will be closed from Tuesday, the 19th August, 1997 to Monday, the 25th August, 1997, both days inclusive.
4. Members/Proxies should bring the attendance slip duly filled-in for attending the Meeting.

By Order of the Board of Directors  
for **CG IGARASHI MOTORS LIMITED**

Place : Chennai  
Date : June 20th, 1997

A.S. NARAYANAN  
Secretary

**CG IGARASHI MOTORS LIMITED****Explanatory Statement as required under section 173 of the Companies Act, 1956.**

The Company had approached Bank of Tokyo-Mitsubishi, Ltd, for working capital facilities and the Bank had sanctioned vide Letter dated May 2, 1997 fund-based and non-fund-based Working Capital limits aggregating to Rs. 210 lakhs to the Company as detailed below:

Fund based includes (C/B, Export Packing Credit & Foreign Bills Discounting)	:	Rs. 110 lakhs
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Non-fund based facilities (including limits for Letters of Credit and Guarantee)	:	Rs. 100 lakhs
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As per the terms of sanction, the Company is required to create a charge by way of equitable mortgage over the immovable property of the Company and hypothecate other assets (including inventory and bookdebts) of the Company as security for the credit limits sanctioned. This charge is subject to the approval of Bank of Baroda and ICICI Ltd. The Board of Directors have accordingly accepted the sanctioned facilities.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under section 293 (1) (a) of the Companies Act, 1956 before creation of the said mortgage.

Copy of the letter of sanction dated 2nd May 1997, received from Bank of Tokyo-Mitsubishi, Ltd, Madras and other relevant documents/correspondence between the said Bank and the Company are open for inspection at the Registered Office of the Company on all its working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

None of the directors of the Company are in any way concerned or interested in this item.

By Order of the Board of Directors  
for **CG IGARASHI MOTORS LIMITED**

Place : Chennai  
Date : June 20th, 1997

A.S. NARAYANAN  
Secretary



## DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997

Your Directors have pleasure in presenting the Fifth Annual Report and the Audited Accounts for the year ended 31st March, 1997.

<b>FINANCIAL RESULTS</b>	<b>1996-97 Rupees</b>	<b>1995-96 Rupees</b>
Profit / (Loss) before depreciation & Miscellaneous expenditure written off	60,04,527	(85,39,136)
Less Depreciation & Miscellaneous expenditure written off	77,52,423	65,02,519
Net Profit / (Loss)	(17,47,896)	(150,41,655)

### RESERVES

Reserve of Rs. 1,15,57,000 at the end of the year represents a sum of Rs.20,57,000 being cash subsidy received from the State of Tamil Nadu and Rs.95,00,000 being share premium amount received from M/s. Igarashi Electric Works Ltd., Japan in respect of allotment of 19,00,000 equity shares.

### PRODUCTION AND EXPORTS

We are happy to inform you that in 1996/97 your Company has turned around and exported 8.8 lakh Units valued at Rs.600 lacs. Major exports were made to Europe and Australia while continued exports were made to USA. It may be noted that Markets for new applications in the Automobile, Power Tool and Appliance sectors were developed during the year and several of the Seed supplies are undergoing detailed evaluation at Customers' test centres.

Samples sent to M/s. Black & Decker, USA and Hendersons, Australia have been approved at the preliminary evaluation stage and your Company has been rated well by the Customer Supplier Quality Audits qualifying us for direct supplies.

Your Company has added Capacity of 2 million units/year for a new product and we are pleased to inform you that over 90% utilisation of this new line was realised during the last quarter.

### OUTLOOK

The prospects for the current year looks bright and we estimate that production and exports will be more than doubled during the year over 96/97 level. New customers like Black & Decker - USA, Hendersons - Australia and Pacific-Korea will be added during this year with substantial volumes of business as the samples have been approved. The business with Rockwell International will grow substantially this year with the addition of new models and new locations.

The new 15 series Motor project will be implemented very soon and we expect to cater to the markets of Korea, Taiwan and China with this Model.

### TECHNOLOGY ABSORPTION

As required by the Companies (Disclosure of Particulars in the Report of Directors) Rules 1988, the relevant data pertaining to technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

### DEPOSITS

The Company has not invited or accepted any deposits during the year.

### PERSONNEL

The Board of Directors wishes to place on record their appreciation to all the employees of the Company for their contribution to the operations of the Company during the year. It may be mentioned that a significant reason for the turn around of your Company is due to the continued efforts by all the employees of your Company.

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1994 as amended is given in the Annexure forming part of this report.

### DIRECTORATE

Mr. C.P. Dusad and Mr. G.N. Mani retire by rotation and being eligible, offer themselves for reappointment.

### AUDITORS

The Company's Auditors, M/s. Sharp & Tannan, retire and being eligible, offer themselves for re-appointment.

Chennai  
May 12th, 1997

For and on behalf of the Board of Directors  
**K.K. NOHRIA**  
Chairman

**CG IGARASHI MOTORS LIMITED****Annexure 'A'****To the Directors' Report****FORM B****FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION  
TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
  - Joint discussions with the collaborators for design specifications to meet specific needs of the market.
  - Commencement of indigenisation of materials and components.
2. Benefits derived as a result of the above efforts :
  - Successful production of samples that passed all the performance tests.
  - Development of design capability.
  - Lower cost.
  - Import substitution saving foreign exchange.
3. Information regarding imported technology during the last 5 years :
  - a) Technology imported : Permanent Magnet DC Micromotors Technology
  - b) Year of import : 1993-94
  - c) Status : Under absorption
  - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action :  
While basic design and production know-how is now being absorbed, consistency in productivity and quality of international standards is being developed.
4. Foreign Exchange Earning and Outgo :
  - a) Activities relating to exports :  
As the Company is 100% export-oriented, refer para on Outlook of the main report.
  - b) Total foreign exchange Used and Earned:

	1996-97 (Rupees)	1995-96 (Rupees)
Total Foreign Exchange Earned	6,22,67,721	2,86,71,159
Total Foreign Exchange Used	4,67,37,275	2,59,27,277
{Excludes payments for capital goods : Rs.1,65,57,315 (Previous Year : Rs.1,20,167)}		

**Annexure 'B'****To the Directors' Report**

Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1994, as amended and forming part of the Directors' Report for the year ended 31st March, 1997

Name	Designation/ Nature of duties	Gross Remuneration received (Rs.)	Qualification	Experience (Years)	Date of Commencement of employment	Age (Years)	Last employment held
P Mukund	Manager	4,41,923	B.E. (Hons.) PGDBM	16	01.11.1993	38	Crompton Greaves Ltd. (Project Manager)

**NOTES :**

1. The above appointment is contractual, other terms and conditions are as per Company rules.
2. Gross remuneration received includes salary, allowances and other perquisites.
3. The above Employee is not related to any of the Directors of the Company.
4. The percentage of equity shares held by the above employee within the meaning of section 217 (2A) (iii) of the Companies Act, 1956 is less than two percent.



## AUDITORS' REPORT

We have audited the attached Balance Sheet of CG Igarashi Motors Limited as at 31st March 1997 and the annexed Profit and Loss Account for the year to that date. In accordance with the provisions of Section 227 of the Companies Act, 1956, we report as under:

- 1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 dated 7th September 1988 issued by the Government of India under section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure, our report on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the Annexure referred to in paragraph (1) above:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - iii) The said Balance Sheet and the Profit and Loss account are in agreement with the books of account;
  - iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule P and other notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
    - a) in the case of Balance Sheet, of the state of the Company's affairs as at 31st March 1997 and
    - b) in the case of the Profit and Loss Account of the loss for the year ended on that date.

**SHARP & TANNAN**  
*Chartered Accountants*  
*by the hand of*

Chennai  
May 12th, 1997

**L . VAIDYANATHAN**  
*Partner*

**CG IGARASHI MOTORS LIMITED****ANNEXURE TO THE AUDITORS' REPORT**

(Refer Paragraph (1) of our report even date)

As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 dated 07th September 1988 issued by the Company Law Board under Section 227 (4A) of the Companies Act, 1956, we report as under:

1. The company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets. We are informed that these fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
2. The fixed assets of the Company have not been revalued during the year.
3. As explained to us, stock of finished goods, stores, spare parts, raw materials and components have been physically verified by the Management at reasonable intervals during the year.
4. As per information given to us, the procedures of physical verification followed by the management are in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
9. The parties to whom loans, or advances in the nature of loans have been given, are repaying the principal amount as stipulated and or also regular in payment of interest where applicable.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchases of stores, raw materials including components plant and machinery, equipment and other assets and for the sale of goods of the Company.