



## **CG IGARASHI MOTORS LTD.**

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

Report  junction.com

**7<sup>th</sup>**  
**ANNUAL REPORT**  
**1998-99**



**CG IGARASHI MOTORS LIMITED**

**BOARD OF DIRECTORS**

K.K. NOHRIA (Chairman)

K. IGARASHI

C.P. DUSAD

G.N. MANI

T. IGARASHI

S. GUMASTE

**MANAGING DIRECTOR**

P. MUKUND

**AUDITORS**

SHARP & TANNAN

**BANKERS**

BANK OF BARODA

BANK OF MAHARASHTRA

ABN AMRO BANK NV

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 **Seventh Annual General Meeting** of the Members of CG IGARASHI MOTORS LIMITED will be held on Monday, the 12<sup>th</sup> July, 1999 at 3.00 p.m. at The **Mini Hall, The Music Academy, 306, T.T.K.Road, Chennai 600 014** to transact the following business:

**ORDINARY BUSINESS:****Adoption of Directors' Report and Accounts**

- 1 To receive and adopt the audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.

**Re-appointment of Directors retiring by Rotation**

- 2 To appoint a Director in place of Mr CP Dusad who retires by rotation, and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Mr GN Mani who retires by rotation, and being eligible, offers himself for re-appointment.

**Appointment of Auditors**

- 4 To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:****Appointment of Director**

- 5 To consider, and if thought fit to pass with or without modification, the following as an **Ordinary Resolution**:  
**"RESOLVED THAT Mr. P Mukund be and he is hereby appointed a Director of the Company."**

**Appointment of Managing Director**

- 6 To consider, and if thought fit to pass with or without modification, the following as an **Ordinary Resolution**:  
**"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII, and other applicable provisions if any, of the Companies Act, 1956, and subject to any other approval as may be necessary, the Company hereby approves the terms of appointment and remuneration of Mr P. Mukund as Managing Director of the Company for a period of five years from 10<sup>th</sup> February, 1999 to 09<sup>th</sup> February, 2004, on the terms and conditions as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as may be agreed between the Board and Mr P. Mukund."**
- 7 To consider, and if thought fit to pass with or without modification, the following as an **Ordinary Resolution** :  
**"RESOLVED THAT**  
 (a) pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, consent be and it is hereby accorded to the Board of Directors of the Company for the creation of a charge, on such terms and conditions, at such times, and in such form or manner, as it may think fit, in favour of the Bank of Maharashtra by way of an equitable mortgage on and over all the immovable properties, both present and future, including any building constructed or to be constructed thereon and all fixed plant and machinery installed or to be

**CG IGARASHI MOTORS LIMITED**

installed thereon to secure the working capital assistance of both funded and non-funded facilities aggregating to Rs.350 lacs and Term Loan aggregating to Rs.400 lacs availed or to be availed;

- (b) the above charge will not include the moveable and immovable properties on which an exclusive first charge has already been or will be created in favour of the ICICI Ltd on such properties in respect of which monies are funded or will be funded by the ICICI Ltd.
- (c) the Board of Directors (which shall include any Committee which the Board may constitute or any Officer authorised by the Board for this purpose) be and it is hereby authorised to settle all matters arising out of and incidental to the above; finalise and execute all documents, deeds, agreements and other writings related thereto and further to do all other acts, deeds, matters and things as it may, in its absolute discretion, deem necessary to give effect to this Resolution."

**NOTES :**

- (a) An Explanatory Statement under Section 173 of the Companies Act, 1956, in respect of Items 5 to 7 of the Notice is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (c) The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 1st July, 1999 to Monday 12<sup>th</sup> July, 1999, both days inclusive.
- (d) Members / Proxies should bring the attendance slip duly filled-in for attending the meeting.

On behalf of the Board of Directors

Chennai  
12th May, 1999

**P. MUKUND**  
Managing Director

**CG IGARASHI MOTORS LIMITED****ANNEXURE TO THE NOTICE****Explanatory Statement as required under Section 173 of the Companies Act, 1956****Items 5 & 6**

Mr. P. Mukund is a mechanical engineer, and also a Post Graduate in Business Management from the XLRI-Institute of Management, Jamshedpur. He has been associated with the growth of the Company since its inception and was appointed as its Manager in 1993.

During his tenure with the Company, Mr. Mukund has contributed immensely to the growth of the Company. In appreciation of these efforts and to equip him with necessary powers to further the progress of the Company, the Board of Directors at their meeting held on 10<sup>th</sup> February, 1999, appointed him as a Director. At the same meeting the Board of Directors thereafter appointed Mr. P. Mukund as the Managing Director of the Company for a period of five years subject to the approval of Members.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. P. Mukund holds office as an Additional Director upto the date of the forthcoming Annual General Meeting.

The material provisions of the Agreement to be entered into with Mr. P. Mukund for his appointment as Managing Director referred to in the resolution at item number 6 are as under :

**Salary**

Rs.30,000/- per month which may be increased upto Rs.60,000/- per month by the Board of Directors.

**Commission**

Commission, in addition to salary and perquisites, subject to a maximum of twelve months salary, the actual amount and mode of payment to be determined by the Board of Directors.

**Perquisites**

In addition to the salary and commission, the Managing Director shall also be entitled to perquisites which will include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; re-imbursment of expenditure or allowances in respect of maintenance, utilities such as gas, electricity, water, furnishings and house repairs; medical reimbursement, medical insurance, hospital benefits and leave travel concession, for himself and his family; personal accident insurance, club fees, and any other reimbursements, allowances or perquisites that may be permitted by the Company or the Board of Directors, to be restricted to Rs. Four lacs fifty thousand per annum.

"Family" mentioned above means the spouse, dependent parents and dependent children upto the age of 24 years, of the Managing Director.

For the purposes of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual costs.

Provision of car and telephone for use on the Company's business and telephone at the Managing Director's residence will not be considered perquisites.

The following shall not be included for the purposes of computation of the Managing Director's remuneration or perquisites as aforesaid:

- (i) the Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act;
- (ii) gratuity payable to the Managing Director as per the Rules of the Company;
- (iii) encashment of leave at the end of tenure, on ceasing to be Managing Director.

**CG IGARASHI MOTORS LIMITED****Minimum Remuneration**

In the event of absence or inadequacy of profits in any financial year during the tenure of the Managing Director, the salary and perquisites payable to the Managing Director shall not be reduced.

The draft agreement between the Company and Mr.P.Mukund is available for inspection by the Members of the Company at the Registered Office between 10.00 a.m. and 12.00 noon on any working day upto the date of the Annual General Meeting.

This may also be treated as an abstract of the draft agreement to be entered into between Mr.P.Mukund and the Company pursuant to Section 302 of the Companies Act, 1956.

Notice under Section 257 of the Companies Act, 1956 has been received from a Member, signifying his intention to propose the appointment of Mr.P.Mukund as a Director. This may also be treated as individual notice to the Members of the candidature of Mr.P.Mukund, pursuant to Section 257 (1A) of the Companies Act, 1956.

Except Mr.P.Mukund, no other Director is concerned or interested in the Resolution at items no. 5 and 6.

**ITEM NO. 7**

The Company has been sanctioned Rs.350 lacs as Working Capital facilities and Rs.400 lacs as Term Loan by Bank of Maharashtra vide their letter dated 22<sup>nd</sup> July, 1998 to meet its expansion programme and the details are as follows :

Fund based (includes Packing Credit & PostShipment Credit)	Rs. 250 lacs
Non-Fund based facilities (Letters of Credit (Import) facilities)	Rs. 100 lacs
Term Loan	Rs. 400 lacs

In terms of the 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 book debts) as security for the limits sanctioned.

Since there exists a view that charging by the Company of its immovable and moveable properties as aforesaid in favour of the Bank is disposal of the Company's properties / undertakings, it is necessary for the Members to pass a resolution pursuant to Section 293(1)(a) of the Companies Act, 1956, approving the creation of charge.

A copy of the letter of sanction dated 22<sup>nd</sup> July, 1998 received from Bank of Maharashtra, Broadway, Chennai 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 10.00 a.m. and 12.00 noon upto the date of Annual General Meeting.

None of the Directors are concerned or interested in this item.

On behalf of the Board of Directors

Chennai  
12th May, 1999.

**P.MUKUND**  
Managing Director

**CG IGARASHI MOTORS LIMITED****DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 1999**

Your Directors' present their Seventh Annual Report and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 1999.

<b>FINANCIAL RESULTS</b>	<b>1998-99 Rs. lacs</b>	<b>1997-98 Rs. lacs</b>
Profit (Loss) before depreciation and miscellaneous expenditure written off	<b>401.13</b>	222.57
Less : Depreciation & Miscellaneous expenditure written off	<b>166.91</b>	117.44
Net Profit/(Loss)	<b>234.22</b>	105.13

**RESERVES**

The Reserves at the beginning of the year stood at Rs.115.57 lacs. After considering the proposed transfers for the current year, the total reserves as at 31<sup>st</sup> March, 1999 are Rs.165.38 lacs.

**PRODUCTION AND EXPORTS**

The Company has witnessed another year of increased production and exports. During the year production increased by approximately 78% while exports registered growth of approximately 90%. This was achieved despite the backdrop of a continued global economic crisis.

Encouraged by the growing acceptance of your Company's products, during the year the installed capacity for rotor assemblies was increased by 70% from 35,00,000 units to 60,00,000 units. The increased capacity lead to increased sales and profitability which enabled your Company to wipe out the entire accumulated deficit during the year.

**OUTLOOK**

The prospects for your Company continue to remain good and the Company plans to widen the product range with the existing customers to further strengthen the relationship. The Company also plans to add new customers during the year.

**QS 9000**

The Company was certified QS 9000 in November, 1998 and this allows the Company to prospect business from those Global Customers who insist on this certification as it is indicative of the high Quality Standards followed by the Company.

**PERSONNEL**

The Board of Directors wish to place on record their appreciation to all the employees of the Company for their contribution to the operations of the Company. The continuously improving contribution of all employees is one of the primary reasons for the growth in business of the Company and will be so for the future too.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the prescribed format as an Annexure to this Report.

**DEPOSITS**

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

**CG IGARASHI MOTORS LIMITED****DIRECTORATE**

Mr.CP Dusad and GN Mani retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment to the Board.

Mr. P.Mukund was appointed an Additional Director and as Managing Director with effect from 10<sup>TH</sup> February, 1999. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr.P. Mukund holds office upto the date of the forthcoming Annual General Meeting. Mr.P.Mukund is eligible for appointment and a proposal is being submitted for the approval of the Members.

**AUDITORS**

The Company's Auditors, Sharp & Tannan, hold office upto the conclusion of the forthcoming Annual General Meeting and, being eligible, are recommended for re-appointment on terms to be negotiated by the Board of Directors. They have furnished the requisite certificate to the effect that their re-appointment, if effected, would be in accordance with Section 224(1B) of the Companies Act, 1956.

**LISTING ARRANGEMENTS**

Your Company's shares are listed on the Madras, Bombay and Delhi Stock Exchanges and the necessary listing fees have been paid upto date to Madras and Bombay Stock Exchanges. In view of the infrequent and minimal volume of trading on the Delhi Stock Exchange, process to delist the Company's shares in DSE has been initiated, and therefore Listing Fee for the DSE has not yet been paid. The delisting will not cause any difficulty to the shareholders with the proposed expansion of the Bombay Stock Exchange Online trading system (BOLT) to the northern region. During the year, trading of Your Company's shares was suspended for a short period of 8 days on the Bombay Stock Exchange due to an inadvertent shortfall of 8 days in communicating Book Closure dates.

**Y2K READINESS**

Your Company has evaluated the internal and external risks which may affect its operations due to the Y2K issue. The measures required to modify, upgrade or replace the Company's software and hardware systems are being implemented and It is expected that the above process will be completed by September, 1999 at a cost of Rs.20 lacs. In case of emergency, Your Company has competent technical personnel to avoid any risks to its operations.

On behalf of the Board of Directors

Place: Chennai  
Date : 12th May, 1999

**P. Mukund**  
Managing Director