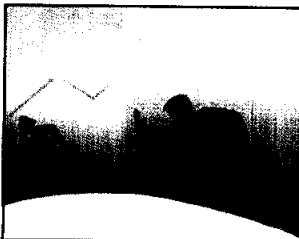




**CG IGARASHI MOTORS LTD.**  
10th ANNUAL REPORT 2001-2002



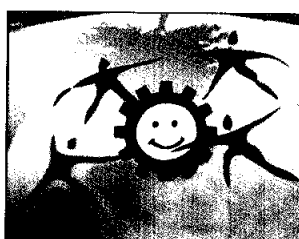
## OUR PHILOSOPHY ON CORPORATE GOVERNANCE



MISSION TO ENHANCE  
CUSTOMERS  
COMPETITIVENESS



GLOBAL VISION  
THROUGH INDIAN DOORWAY



WEALTH FOR ALL  
PARTNERS THROUGH  
THE WHEEL OF ENGINEERING



TRANSPARENCY  
AND COMPLIANCE



## CG Igarashi Motors Limited

### BOARD OF DIRECTORS

K.K. NOHRIA (CHAIRMAN)

K. IGARASHI

C.P. DUSAD

G.N. MANI

T. IGARASHI

### MANAGING DIRECTOR

P. MUKUND

### AUDITORS

SHARP & TANNAN

### BANKERS

ABN AMRO BANK NV

ICICI BANK LTD.

INDIAN BANK

### REGISTERED OFFICE & FACTORY

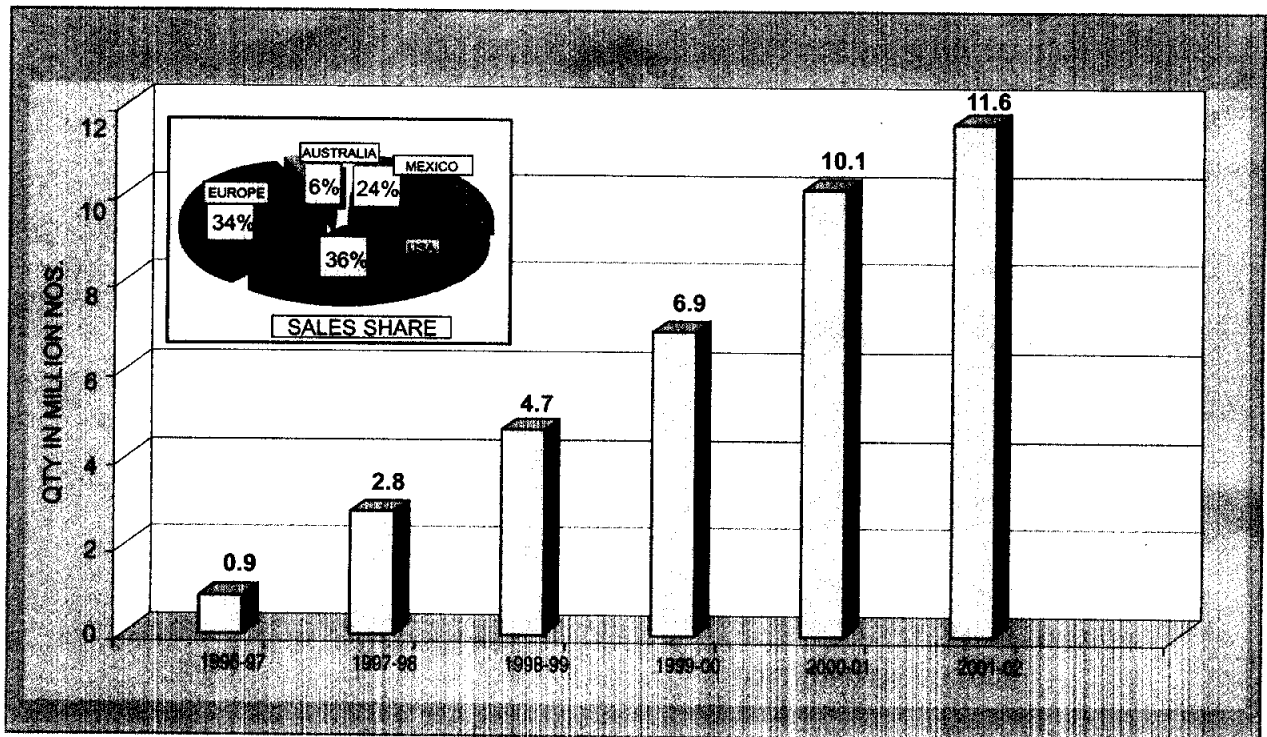
PLOTS NO.B-12 TO B-15, PHASE II  
MADRAS EXPORT PROCESSING ZONE  
TAMBARAM, CHENNAI - 600 045.

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

#### *A subtle change in our logo*

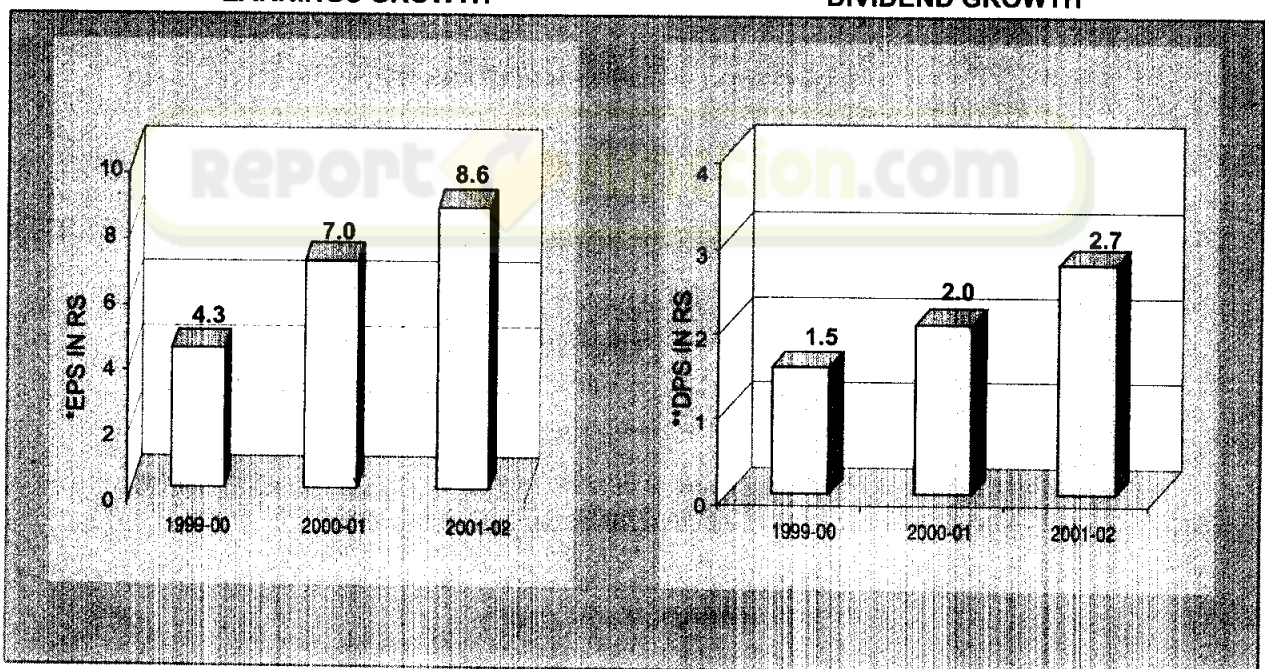
You will notice a subtle change in our logo in this annual report.  
A change that's been made to align it with our international style.

## SALES QUANTITY IN MILLION NOS



## EARNINGS GROWTH

## DIVIDEND GROWTH



\* EPS – Earning per share

\*\*DPS – dividend per share



## ***CG Igarashi Motors Limited***

### ***From the Chairman's desk...***

Rubbing shoulders with very Highly Competent, Demanding and Large Global majors, both on the Supply and Delivery sides have given a Cutting Edge to your Company in Knowledge and Experience of Global Engineering. This will enable to expand our Export base in the coming years and also enable us to continue offering absolutely World Class Quality products at competitive costs. The Market for our Products is large and with our Global vision, we believe we should aim to become an Engineering Pride from India. With the built up strengths, your Company will also make entries into the Domestic Market next year to offer World Class products at extremely competitive and affordable prices.

Your Company has positioned itself as a totally Customer Oriented Contract Manufacturer for Global majors and this has enabled your Company to post growth in sales despite recession in the Automotive sector. Supply Chain efficiency built thus far, will be strengthened in the coming years with backward Integration plans for Control on Quality and Cost. Your Company has launched a Kaizen Drive in the last year and this has yielded commendable results. More so, continuous improvement has now become a way of life for all participants of your Company's operations.

We are fully conscious of the risks attached while addressing Global Markets and believe that mitigation is possible by raising Competitiveness. Routes to this will be world class quality, aggressive cost control through prudent supply chain management and increasing capital productivity and adding new products and markets to keep the economies of scale advantage. As these are pretty long drawn processes in Global scenarios, effects will be visible, progressively in future. I wish to thank all Stakeholders and well wishers on behalf of the Board and assure you that Maximising Wealth and practicing Good Governance will be our key concerns.

Regards.

**K K NOHRIA**  
Chairman

## ***CG Igarashi Motors Limited***

### **NOTICE**

Notice is hereby given that the **Tenth Annual General Meeting** of the members of CG IGARASHI MOTORS LIMITED will be held on Tuesday 23rd July 2002, at 11.00 A.M, at Sir P. T. Thiyagaraya Auditorium, 126, G.N. Chetty Road, T.Nagar, Chennai - 600 017 to transact the following business:

### **ORDINARY BUSINESS**

1. To receive and adopt the audited Profit and Loss Account for the year ended 31st March 2002 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To Declare Dividend.
3. To Appoint a Director in place of Mr. C.P.Dusad who retires by rotation and being eligible, offers himself for re-appointment.
4. To Appoint a Director in place of Mr.G.N.Mani who retires by rotation and being eligible offers himself for re-appointment.
5. To Appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### **SPECIAL BUSINESS**

6. To Consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT in supersession to the resolution passed by the members at the Sixth Annual General Meeting held on 8th July 1998 consent of the members be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act 1956 for borrowing from Financial Institutions/Banks or others from time to time any sum or sums of money already borrowed by the Company, (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) shall not exceed the aggregate at any time Rs.50 crores (Rupees fifty crores only) notwithstanding that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose".

7. To Consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"Resolved that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act 1956, the Articles of Association of the Company be altered in the following manner:

- (A) Insert the following definitions under Article 2 after the existing definition:

- "Beneficial Owner" shall mean the beneficial Owner as defined in Section 2(1)(a) of the Depositories Act 1996.
- "Depositories Act 1996" shall include any statutory modifications or re-enactment for the time being in force.
- "Depositories" Shall mean a depository as defined under Section 2(1)(c) of the Depositories Act 1996.
- "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act 1992.
- "Securities" shall mean such securities as may be specified by SEBI from time to time.

- (B) In Article 2 of the Articles of Association the existing definition of "Member" shall be substituted by the following:

- "Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as Beneficial Owner in the records of the depository.

- (C) Insert the following heading and Article as new Article 22A after the existing Article No 22:



## 22 A Dematerialisation of Securities

### Dematerialisation of Securities

- I. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act.

### Options for investors

- II. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, the Depository shall enter in its records the name of the allottee as the beneficial owner of the security.

### Securities in depositories in fungible form

- III. All Securities held by a Company shall be dematerialised and shall be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

### Company not bound to recognise any interest in share other than that of registered holder or beneficial owner

- IV. Except as ordered by a court of competent jurisdiction or as required by law the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable contingent feature or partial interest in any share (except only as is by these articles otherwise expressly provided) or any right in respect of a share other than a absolute right thereto, in accordance with these articles on the part of any other persons whether or not it shall have express or implied notice thereof. No notice of any trust, express, implied or constructive shall be entered on the Register of Members or Debentureholders.

### V. Rights of depositories and beneficial owners.

- a. Notwithstanding anything to the contrary contained in the Act or these Articles a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- b. Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c. Notwithstanding anything contained in these Articles, Certificate, if required for a dematerialised share, debenture and any other security shall be issued in the name of the depository and all provisions contained in these Articles in respect of the rights of a member/debentureholder of the Company shall mutatis mutandis apply to the Depository as if it were a member/debentureholder excepting that and notwithstanding that the Depository shall have been registered as the holder of dematerialised share, debenture and any other security the person who is the beneficial owner of such shares, debentures and other securities shall be entitled to all the rights available to the registered holders of the shares, debentures and other securities, in the Company as set out in the other provisions of these Articles.
- d. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by the depository.



## ***CG Igarashi Motors Limited***

- e. The provisions relating to waiver of the Company's lien, if any on partly paid shares on registration for transfer of such shares contained in these Articles shall also mutatis mutandis apply in respect of a dematerialised share, debenture and any other security, beneficial owner of which is registered with the depository and where such beneficial owner shall have transferred his dematerialised shares, debentures and other securities.

### **VI. Service of Documents**

Notwithstanding anything contained to the contrary in the Act or these Articles where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by way of electronic mode or by delivery of floppies or discs.

### **VII. Transfer of Securities**

Nothing contained in section 108 of the Act or these Articles shall apply to transfer of securities effected by the transferor and transferee both of whom are entered as beneficial owners in the records of depository.

In the case of such transfer of securities where the Company has not issued any certificate or certificates have been dematerialised subsequently and where such securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

### **VIII. Allotment of Securities dealt with in a Depository**

Notwithstanding anything contained in the Act or these Articles where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

### **IX. Distinctive numbers of securities held in a Depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

### **X. Register and Index of beneficial owners**

The register and index of beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

### **8. Directors Sitting Fees**

To Consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"Resolved that the first sentence of the Article No 99 of the Articles of Association of the Company be and is hereby substituted as follows:

99. The remuneration of a director for his services shall be such sum not exceeding a sum prescribed by the Companies Act 1956 and will be increased from time to time subject to the amendment that will be made in this regard in Companies Act 1956."

### **9. Remuneration to Non-executive directors**

To Consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"Resolved that pursuant to Section 309(4) of the Companies Act 1956 and Article No. 99 of the Articles of Association of the Company, the members' approval be and are hereby accorded to authorize the Company to pay remuneration (subject to the limit as prescribed by sec 309(4) of the Act) to its directors (other than a Managing Director and a Director in the whole time employment of the Company) for a period of five years commencing from 23rd July 2002. The said remuneration as the Board may from time to time determine to be divided amongst them in such proportion as may be determined by the Board".

By order of the Board  
For **CG IGARASHI MOTORS LIMITED**

Place: Chennai  
Date: 24th April 2002

**S. BHASKAR**  
Secretary



**Notes:**

1. 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.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 10th July 2002 to 23rd July 2002, both days inclusive.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository participant quoting their ID No. and in case of physical shares to the Registered office of the Company.
5. All Documents referred in the above Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 2 P.M and 4 P.M on any working day.
6. Members are requested to submit form 15G under the income tax Act 1961 for claiming dividend without deduction of Tax to the Registered Office of the Company.
7. Members are requested to furnish the ECS No. and duly cancelled MICR cheque for dividend payment through electronic clearing service to the registered office of the company for final dividend 2002-03.

**ANNEXURE TO THE NOTICE**

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

**Item No. 6: Borrowing Powers**

Section 293 (1)(d) of the Companies Act 1956 provides that the Board of Directors shall not, except with the consent of the members in general meeting, borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid up capital and free reserves not set apart for any specific purpose. The existing limit of Rs.25 Crores was fixed at the Annual General Meeting held on 8th July 1998 and as the Company desires to increase the said limit to Rs.50 Crores the resolution under this item is proposed for approval of members. The Board recommends the same for approval of members.

**Memorandum of Interest of Directors**

None of the Directors of the Company is interested or concerned in the resolution.

**Item No 7: Dematerialisation of Shares**

The Depositories Act 1996 has amended some of the Provisions of the Companies act 1956 and the Securities Contract (Regulation) Act 1956 (here after Collectively referred to as "the act") pertaining to issue, holding, transfer and dealing in shares and other securities as also issue of relevant certificates so as to facilitate the introduction and implementation of the depository system. In order to bring the Articles of Association of the Company in line with the Act, relevant Articles as contained in the notice are being amended and added.

Alteration of the Articles of Association of the Company can be done only by passing a Special Resolution under Section 31 of the Companies Act 1956 as proposed. The Board of Directors recommends the Shareholders to adopt the proposed Resolution as a Special Resolution.

**Memorandum of Interest of Directors**

None of the Directors of the Company is interested or concerned in the resolution.

## ***CG Igarashi Motors Limited***

### **Remuneration of Directors**

#### **Item No 8: Sitting Fees**

The existing Article No 99 of the Articles of Association of Company has fixed Rs.500 as sitting fees for each meeting of the Board /Committee meeting attended by the directors. The Amendment Rules 2000 has enhanced the amount of sitting fees to Rs.5000/- with effect from 01.04.2000. As the Articles of Association of the Company requires to be altered to incorporate the above amendment, the relevant resolution has been proposed as a Special Resolution for obtaining the consent of members.

The Board commends the resolution for approval of the members.

#### **Memorandum of Interest of Directors**

The Non-Executive Directors would be deemed to be interested in the resolution to the extent of remuneration they would get by way of sitting fees as well as such other remuneration as fixed by the Board.

#### **Item No 9: Remuneration to Non-executive Directors**

Pursuant to clause 49 of the Listing agreement, the Company formed the Audit Committee, Shareholder Committee and appointed Three Non-Executive directors in the respective committee. With the increased level of involvement of non-executive directors in the Company's operation the Board is of the view that there is a need to pay remuneration/Commission so that it enhances the role and involvement of the non-executive directors in the corporate governance of the Company. The resolution is proposed to be valid for a period of five years.

The Board commends the resolution for approval of the members.

#### **Memorandum of Interest of Directors**

The Non-Executive Directors would be deemed to be interested in the resolution to the extent of remuneration as fixed by the Board.

By order of the Board  
For **CG IGARASHI MOTORS LIMITED**

Place: Chennai  
Date: 24th April 2002

**S.BHASKAR**  
Secretary