

CG IGARASHI MOTORS LTD.

11th ANNUAL REPORT 2002-2003



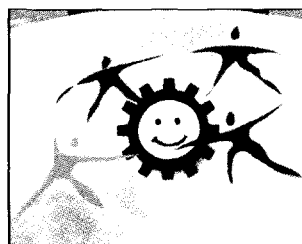
OUR PHILOSOPHY ON CORPORATE GOVERNANCE



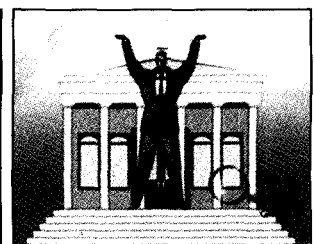
MISSION TO ENHANCE
CUSTOMERS
COMPETITIVENESS



GLOBAL VISION
THROUGH INDIAN DOORWAY



WEALTH FOR ALL
PARTNERS THROUGH
THE WHEEL OF ENGINEERING



TRANSPARENCY
AND COMPLIANCE

BOARD OF DIRECTORS

K.K. NOHRIA (CHAIRMAN)

K. IGARASHI

C.P. DUSAD

G.N. MANI

T. IGARASHI

KEIICHI IGARASHI

MANAGING DIRECTOR

P. MUKUND

Report Junction.com

AUDITORS

SHARP & TANNAN

BANKERS

ABN AMRO BANK NV

ICICI BANK LTD.

INDIAN BANK

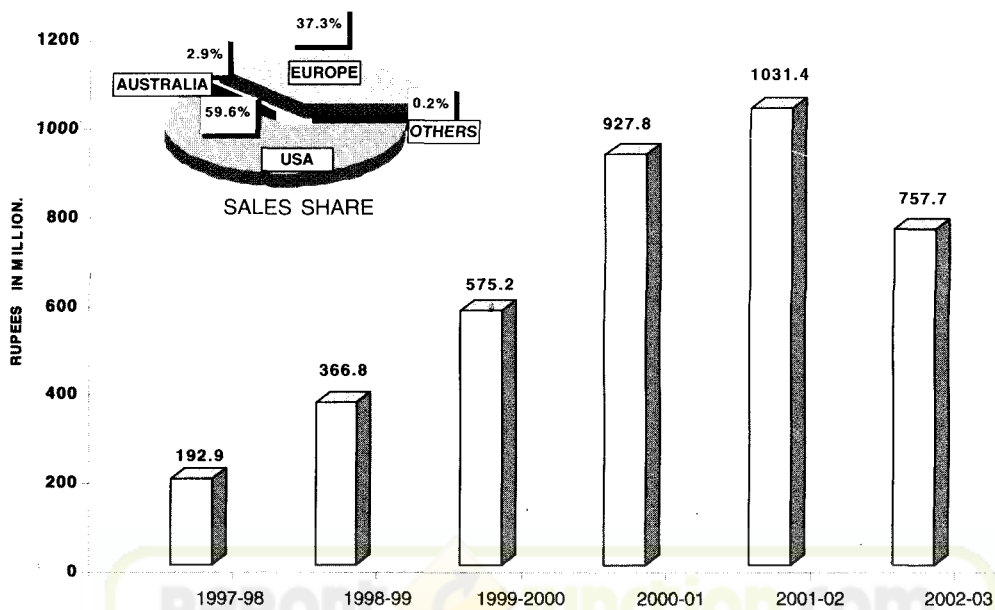
THE BANK OF TOKYO MITSUBISHI LTD.

REGISTERED OFFICE & FACTORY

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

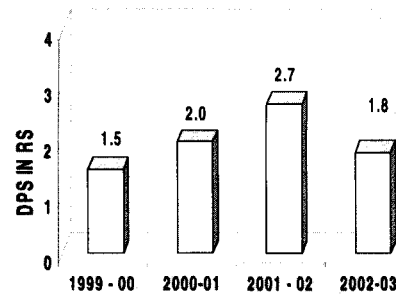
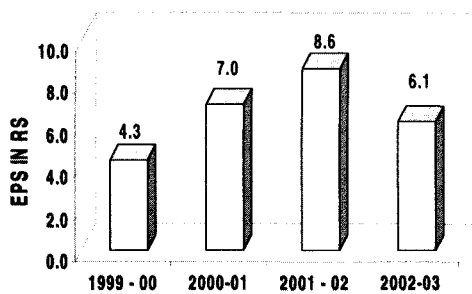
As a measure of economy, copies of the Annual Report will not distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.

SALES VALUE IN MILLION RS.



EARNING PER SHARE

DIVIDEND PER SHARE



EPS – Earning Per Share

DPS – Dividend Per Share



CG Igarashi Motors Limited

From the Chairman's desk...

When your Company Commenced Operations as a 100%. Export oriented unit, the key questions posed were:

Can India Manufacture to Global Quality requirements

Can Indian Manufacturing continue be a Cost Competitive source on a Global basis.

It was felt that success on these two factors will open immense opportunities in the Global market.

Your Company embarked on a well focused program from 1996 and has Exported over Rs 4 billion to the highly quality conscious Global Auto Industry players. This has created credibility of your Company's capabilities to begin relationships with Global Automotive majors for Long Term business and Volume Opportunities.

Today your Company is in dialogue with Leaders in Tier 1 of the Auto industry players in USA, Europe and Japan. The Customer and Product/Application profile is diversified and Long term opportunities are being tied up.

The performance and potential of your Company induced Igarashi Japan to acquire greater interest in the Company and the full stake of Crompton Greaves was acquired by Igarashi to grow the business width.

The short term, current year is of concern but based on experiences of Global Quality requirements of large customers, short cuts are not a way to survive in the Long Term. Your Company will prioritise the Long term large opportunities to yield benefits over the ensuing 5 year period. The year 2003/04 will be a very tough year and your Company plans to weather it in a manner that long term is not sacrificed.

I wish to thank all Shareholders and well wishers on behalf of the Board and assure you that Maximising Wealth and practicing Good Corporate Governance will be our key concerns

Regards.


K K NOHRIA
Chairman

CG Igarashi Motors Limited*A message from***Mr. Kazuharu Igarashi**

President, Igarashi Group

I am glad to report to all Shareholders of this Company that, we have acquired all the stake owned by Crompton Greaves Limited, our partner, who had helped us to set foot on the Indian soil and grow the Indian business.

We feel very confident of the future of our Indian operations for both, Global and Indian Market. We will be adding new products, new technologies and continued investments to create a Globally competitive infrastructure in the long term.

I believe that the new Phase of our Indian Operations has commenced with several opportunities being targeted with World Leaders in the Automotive Industry. As our experiences over the past decades reflect, such opportunities take a long time to mature and will build up well over the long term.

I would like to thank all our shareholders for the support and we look forward to consolidating our experiences in India to plan for a solid future.

**K.IGARASHI**



NOTICE

Notice is hereby given that the **Eleventh Annual General Meeting** of the members of CG IGARASHI MOTORS LIMITED will be held on, Thursday 17th July, 2003 at 3.00 p.m, at Mini Hall, The Music Academy, 306 T.T.K Road Chennai 600 014 to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March 2003 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To Declare a Dividend.
3. To Appoint a Director in place of Mr. K.Igarashi who retires by rotation and being eligible, offers himself for re-appointment
4. To Appoint a Director in place of Mr.T.Igarashi 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 Appoint a Director other than a Retiring Director

To Consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that Mr.Keiichi Igarashi appointed as additional director under section 260 of the Companies Act 1956 in the Board Meeting held on 23 rd July 2002 and whose term of office expires in the ensuing Annual General Meeting be and is hereby re-appointed under section 257 of the Companies Act 1956.

A notice has been received from a member of the Company proposing his candidature for re-appointment.

7. To Change a Name of Company.

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

"RESOLVED that pursuant to the provisions of section 21 of the Companies Act 1956 and other applicable provisions of the Companies Act 1956 if any and subject to the approval of the Registrar of Companies, the name of the Company be and is hereby changed from '**CG Igarashi Motors Limited**' to '**Igarashi Motors India Ltd**'.

"RESOLVED FURTHER that the name '**CG Igarashi Motors Limited**' wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the new name '**Igarashi Motors India Ltd**'".

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

Place: Chennai
Date: 18th April 2003

S. BHASKAR
Secretary

CG Igarashi Motors Limited

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 07th July 2003 to 17th July 2003, 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 of 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 furnish the ECS No. and duly cancelled MICR Cheque for dividend payment through Electronic Clearing Service to the registered office of the Company.

ANNEXURE TO THE NOTICE

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

Item No. 6: Appointment of Director other than a retiring Director.

In Pursuant to article 97 of the Articles of Association and Sec 260 of the Companies Act 1956 Mr. Keiichi Igarashi appointed as an additional Director in the Board Meeting held on 23rd July 2002 and whose term of office expires at this Annual General Meeting.

In Pursuant to Sec 257 of the Companies Act 1956 he is eligible for re-appointment and a Notice has been received from a Member of the Company proposing his candidature.

The relevant resolution has been proposed as Ordinary Resolution for obtaining the consent of Members.

The Board commends the resolution for approval of the Members.

Memorandum of Interest of Directors

Mr. Keiichi Igarashi, Mr. K. Igarashi and Mr. T. Igarashi interested and concerned in the resolution.

Item No 7: Change of Name.

In view of 30,99,993 equity shares of CG Capital & Investments Ltd acquired by Igarashi Electric Works (H.K) Ltd, the Board of Directors in their Meeting held on 25th January 2003, agreed to change the name of the Company and accordingly the necessary applications were made to Registrar of Companies for changing the name of the Company. The Registrar has approved "Igarashi Motors India Limited" as the new name.

The relevant resolution has been proposed as Special Resolution for obtaining the consent of Members.

The Board commends the resolution for approval of the Members.

Memorandum of Interest of Directors.

Mr. Keiichi Igarashi, Mr. K. Igarashi and Mr. T. Igarashi interested and concerned in the resolution.

Place: Chennai
Date: 18th April 2003

S. BHASKAR
Secretary



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003

Your Directors present their Eleventh Annual Report and the Audited Statement of Accounts for the year ended 31st March 2003.

FINANCIAL RESULTS

	2002-03 Rs Lacs	2001-02 Rs Lacs
Profit before Depreciation	1161.34	1281.38
Less: Depreciation	325.41	245.04
Profit Before Tax	835.93	1036.34

RESERVES

The Reserves at the end of the year 31st March 2003 is at Rs 1867.21 Lacs as against the total reserves of Rs. 1381.91 Lacs as at 31st March 2002.

DIVIDEND

Your Directors are pleased to recommend a dividend of 18 % for the year ended 31st March 2003.

OPERATIONS

The Export income has decreased from Rs.10313 Lakhs to Rs.7565 Lakhs and the PBT has dropped from Rs.1036 lacs to Rs.836 lacs. The drop is attributed to Strategic divestment of a big part of our major customer's business, which could not be compensated with alternate business due to continued Global slowdown. Your Company has made best efforts to keep costs under control.

New Projects with the Global Tier 1 Auto majors have been launched and this will start moving forward from 2004 onwards to result in good volumes in the following years.

OUTLOOK

Having established credibility in the Global Automotive industry by demonstrative evidence on Quality and Competitiveness, and recording a cumulative Exports of Rs 400 crores in the past 7 years, your Company is now working with several new customers in the Automotive sector Tier 1, including Simultaneous Engineering and collaborative development project with a European Leader. In view of the multiple customer and multi-application projects, the long term outlook of the Company looks encouraging.

While there are several projects for 2004 and after, the year 2003 is of concern due to the long gestation period after formal launch of the Validation process with Global Automotive customers.

Your Company has commenced dialogues with the Domestic Auto Component players and a couple of projects have been launched with existing players in this market.

Due to shrinking volumes in the short term, intense price pressure is expected to continue and the financial outlook for 2003/04 is of concern. Your Company expects to continue prudent operational controls to keep costs low but investment in new facilities and infrastructure for the new business opportunities will be made.

QUALITY AND ENVIRONMENT

Your Company places utmost importance in maintaining and improving Product Quality and Environment. Continuous Quality System surveillance indicates that the Quality System is continuously improving to maintain an edge in this field and we are pleased to inform that European Specialists have commended our efforts in this direction and the resultant effects of this are visible as feedback from Customers. A principal reason for Global majors to commence work with your Company is due to the high level of Quality practices. Your Company expects to focus intensely of advance Engineering techniques for Business results.

PERSONNEL

Your Company strongly believes that the bedrock of success for your Company is the Capability and Competence of the Human Resources and efforts continue to be made regularly to develop the people for improving performances and Values. We believe that this will be of great value to your Company.

The Board of Directors wishes to place on record their sincere appreciation to all the employees of the Company for their dedication, commitment and loyalty to the Company.

CG Igarashi Motors Limited

None of the employees have received remuneration during the year in excess of limits set out under section 217(2A) of the Companies Act, 1956.

DIVESTMENT

During the financial year, Crompton Greaves Limited divested their holding in favour of Igarashi Electric Works. Satisfied with the progress of the Venture in India and noting a vast potential to grow the Indian operations, both globally and locally, M/s Igarashi have consolidated their share holding in the Company to 75%.

M/s Igarashi wish to place on record, a very deep appreciation to M/s Crompton Greaves Limited for the excellent support given to the venture over the years of its build up to become a recognised Manufacturing Exporter to the Global Auto Industry.

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.

DIRECTORATE

Mr. K.Igarashi and Mr.T.Igarashi retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment to the Board.

Mr.Kelichi Igarashi appointed as additional Director during the year 2002 and whose term of office expires at this Annual General Meeting and being eligible, offer himself for reappointment to the Board.

AUDITORS

The Company's auditors Sharp & Tannan, hold office upto the conclusion of the forth coming 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, Mumbai and Delhi Stock Exchanges and the necessary listing fees have been paid upto 31.3.2003.

APPOINTMENT OF COMMON AGENCY FOR TRANSFER OF SHARES AND DEMATERIALISATION OF SHARES

In Pursuant to SEBI Circular No. SEBI Circular No D&CC/FTCC/CIR – 15 /2002 dated 27.12.2002. The Company entered into an agreement with Cameo Corporate Services Ltd for appointing them as Common agency for Transfer of Physical Shares and Dematerialisation of Physical shares into electronic Mode.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Company has complied with all the requirements as per Section 217(2AA) of the Companies Amendment Act 2000.

- a) Annual Accounts are prepared as per the applicable Accounting Standards with explanation relating to material departures, if any.
- b) Selection of accounting policies and consistency in their application and judgement and estimates are reasonable and prudent so as to give true and fair view.
- c) Proper care has been taken for maintenance of adequate accounting records for safeguard the assets of the Company and detection of frauds and irregularities.
- d) Accounts are prepared on a going concern basis.

On behalf of the Board of Directors
For **CG IGARASHI MOTORS LIMITED**

K.K.NOHRIA
Chairman

Chennai
Date: 18th April 2003