



IGARASHI MOTORS INDIA LTD.

13th ANNUAL REPORT 2004-2005



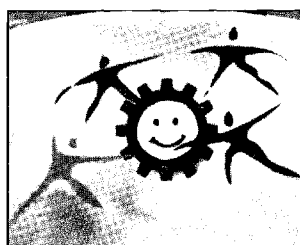
OUR PHILOSOPHY ON CORPORATE GOVERNANCE



MISSION TO ENHANCE
CUSTOMERS
COMPETITIVENESS



GLOBAL VISION
THROUGH INDIAN DOORWAY



WEALTH FOR ALL
PARTNERS THROUGH
THE WHEEL OF ENGINEERING



TRANSPARENCY
AND COMPLIANCE



Igarashi Motors India Limited

BOARD OF DIRECTORS

K.K. NOHRIA (CHAIRMAN)

K. IGARASHI

C.P. DUSAD

G.N. MANI

T. IGARASHI

KEIICHI IGARASHI

MANAGING DIRECTOR

P. MUKUND

AUDITORS

SHARP & TANNAN

BANKERS

ICICI BANK LTD.

STATE BANK OF INDIA

INDIAN BANK

THE BANK OF TOKYO MITSUBISHI LTD.

REGISTERED OFFICE & FACTORY

PLOTS NO.B-12 TO B-15, PHASE II

MEPZ - SEZ

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.





Igarashi Motors India Limited

From the Chairman's desk...

Dear Shareholder,

I am very happy to represent to my fellow share holders that Igarashi Motors has made significant progress by working with various Customers in the Global Automotive Industry.

We can derive satisfaction that your Company has demonstrated that

India can make Motors to World Quality requirements

India can make Motors quite Competitively

The business can be profitable for Stakeholders.

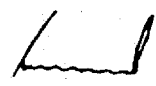
A decade of focused experience has resulted in acquiring deep knowledge of the requirements of the Automotive Industry and demonstration of this has resulted in a good build up of the Business Book.

The wide scope of application of the DC Motors that your Company manufactures is represented in the next page. This will present future growth opportunities.

Last year the operations of the Company were affected due to unprecedented rise in steel / copper / plastic prices which form main input for the products. Your Company has now embarked on a well designed plan to control the Material costs by a combination of In sourcing , Establishing Strategic alliances and Volume buying. We should start seeing the result of these efforts in the near future.

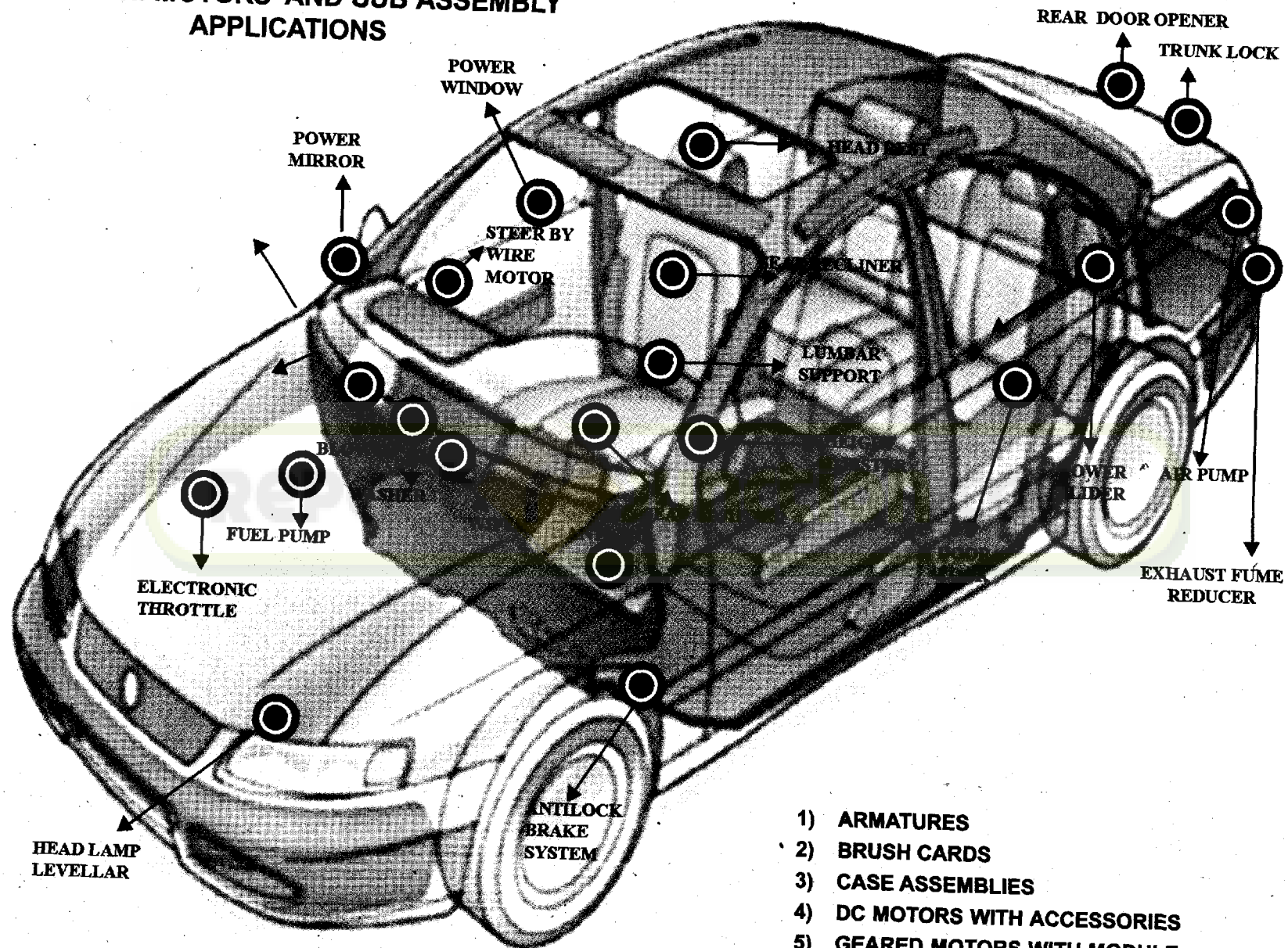
I wish to thank all the shareholders for the strong support given and commit to them our best effort to enhance shareholder value.

Regards


K K NOHRIA
Chairman

IGARASHI MOTORS' AND SUB ASSEMBLY APPLICATIONS

Igarashi Motors India Limited



- 1) ARMATURES
- 2) BRUSH CARDS
- 3) CASE ASSEMBLIES
- 4) DC MOTORS WITH ACCESSORIES
- 5) GEARED MOTORS WITH MODULE



A message from

K Igarashi

President, Igarashi Group

Dear Shareholder,

We see that the Opportunity Platforms that we created based on our years of experience and trusted our Investment in India have started bearing fruits based on the Orders and Commitments from Customers.

I look at India and China as the two largest Emerging Economies of the World and am pleased to mention that we are reasonably well placed in both these countries.

Over the last years, we have been committing resources and gaining knowledge in the Global Automotive industry. As a result of this, our Automotive industry Sales have been growing. We intend to continue this focus to build and strengthen Corporate value.

As I had mentioned last year, our efforts for the Indian Market are becoming visible internally and soon, we will offer our Valuable Global experience to the Indian Customers too.

We honour the trust reposed by the M/s Aeneas Capital, an American Investment firm who, recognizing the Value of our Business Endeavours, have invested with great confidence in your Company. We are now trying to see how to expand Indian Operations to create Value for our Customers and all Stakeholders of our Company.

I wish to thank all the Shareholders for the support given to us in our Steady build up of our India Platform.

K.IGARASHI

Igarashi Motors India Limited

NOTICE OF ANNUAL GENERAL MEETING

The Thirteenth Annual General Meeting of Igarashi Motors India Limited will be held on Thursday, the 28th July 2005, at 11.00 A.M at the Music Academy, Mini Hall, 306 T T K Road, Chennai 600014 to transact the following:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the audited Balance Sheet as at 31st March 2005, the Profit and Loss Account for the year ended 31st March 2005 and the Auditors' Report thereon.
2. To declare Equity dividend.
3. To appoint a Director in place of Mr.G.N. Mani who retires at this meeting and is eligible for re-appointment.
4. To appoint a Director in place of Mr.K. Igarashi who retires at this meeting and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

Sharp & Tannan; Chartered Accountants, Chennai are the retiring auditors and are eligible for reappointment.

SPECIAL BUSINESS

6. To consider and if thought fit to pass the following resolution as a Special Resolution with or without modification:
RESOLVED consent of the Company be and is hereby accorded for Mr. C.P. Dusad, Director of the Company, to hold an office or place of profit, with effect from 01.09.2004, as Technical Advisor of Igrashi Technologies Private Limited, a subsidiary of the Company on terms and conditions detailed in the Explanatory Statement.

NOTES:

- a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item no. 6 is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE AFORESAID MEETING.
- c) The Register of Members of the Company will remain closed from 19th July 2005 to 28th July 2005. (both days inclusive).
- d) Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- e) 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.
- f) Shareholders desiring any information as regards the accounts are requested to write to the company at least 7 days in advance, so as to enable the company to keep the information ready.



- g) The payment of dividend, upon declaration by the shareholders at the forthcoming AGM, will be made on or after 28th July, 2005 as under:
- ❖ To all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be available to the company by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as at the end of the day on 18th July, 2005.
 - ❖ To all those members holding shares in physical form after giving effect to all the valid share transfers lodged with the company before the closing hours on 18th July 2005.

By Order of the Board

Place: Chennai
Date: 26th May 2005.

P MUKUND
Managing Director

ANNEXURE TO THE NOTICE

Explanatory statement annexed to the notice of the Thirteenth Annual General Meeting of the company as required under Section 173(2) of the Companies Act, 1956.

Mr C.P. Dusad, Director of this Company was appointed as Technical Advisor of Igrashi Technologies Private Limited, a subsidiary of this Company effective 01.09.2004 on a remuneration of Rs.1,12,500. As per the requirement of Section 314(1) of the Companies Act 1956 approval of the members in general meeting by a Special Resolution is required for a director of the Company to hold an office or place of profit in the subsidiary.

Accordingly, a Special Resolution is submitted to the shareholders for consideration and approval.

The Board of Directors recommend the resolution for approval of the Shareholders.

Mr. C.P. Dusad is interested in the resolution as it relates to his holding an office in the Subsidiary Company and payment of remuneration to him.

By Order of the Board

Place: Chennai
Date: 26th May 2005.

P MUKUND
Managing Director

Igarashi Motors India Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2005

Your Directors present their Thirteenth Annual Report and the Audited Statement of Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

	(Rs. in lacs)	
	2004-05	2003-04
Profit before Depreciation & Amortization of expenses	807.45	713.61
Less: Depreciation & Amortization of expenses	425.78	416.80
Profit before Tax	381.67	296.81

BUSINESS PROSPECTS

Your Directors have reviewed the business scenario with the management and it was observed that while the business grew, the operational profitability was hampered by rise in input prices.

As mentioned last year, more new business programs have been developed and your directors look to the future with confidence.

Reckoning the importance of technology in the business addressed by your company a separate company to drive the technology business has been formed and this will support technology programs internally as well as externally.

DIVIDEND

Based on the confidence in the performance of your company in the coming years, your directors have decided to recommend a dividend of 15 % for this year amounting to Rs.19124073/-.

RESERVES

The Reserves at the end of the year 31st March, 2005 is at Rs 2209.59 lacs as against the total reserves of Rs. 2109.62 lacs as at 31st March, 2004.

QUALITY AND ENVIRONMENT

Your Directors are pleased to inform you that during the year your Company has built good experience in working on live APQP (Advanced Product Quality Planning) processes for different Programs in the Automotive industry. This ensures an effective advance failure mode analysis to ensure that Quality gets built into the Design as well as Process.

Your Company is in the process of Upgrading from QS 9000 to TS 16949, the new process based Quality System which will translate the Quality Model from Design of Product and Process to all elements of the Organization.

HUMAN RESOURCES

Your Directors wish to mention that the Build up of Knowledge and Competence in Product, Process and Manufacturing Engineering continues and the Organization Development plan considers room for internal resources to grow and also ensures room for New Competencies to be added by inducting new resources.

The principal asset of your Company are its people and your Directors have launched Long Term programs to ensure Growth in Quality of Work life for the Employees by an appropriate mix of Attitudinal and Performance based measures.

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.

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

OTHER INITIATIVES

During the year, your Company discussed with investment bodies for preferential placement of equity shares. Your Company has since allotted 8,49,382 equity shares of Rs.10 each at a price of Rs.180/- share and 8,54,900 optionally convertible warrants of Rs.18/- each to M/s. Aeneas Evolution Portfolio Limited based on approval by the shareholders at the Extra Ordinary General Meeting held on 7th April 2005.