

**IGARASHI MOTORS INDIA LTD.**





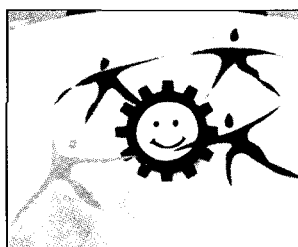
## OUR PHILOSOPHY ON CORPORATE GOVERNANCE



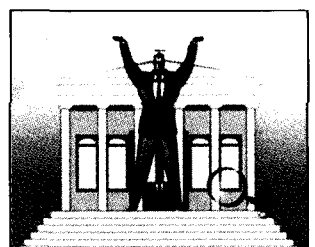
MISSION TO ENHANCE  
CUSTOMERS  
COMPETITIVENESS



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

### HEAD - FINANCE

R. CHANDRASEKARAN

### COMPANY SECRETARY

P. DINAKARA BABU

### AUDITORS

SHARP & TANNAN  
CHARTERED ACCOUNTANTS  
PARSN MANERE, A-WING  
3RD FLOOR, 602 ANNA SALAI  
CHENNAI – 600 006

### BANKERS

ICICI BANK LIMITED  
INDIAN BANK  
MIZUHO CORPORATE BANK LIMITED  
STATE BANK OF INDIA  
THE BANK OF TOKYO MITSUBISHI (UFJ) LIMITED

### 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. Members are requested to bring their copies to the Meeting.

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	(Igarashi Technologies Private Limited)	



*From the Chairman's desk...*

*June 14, 2006*

*Dear Shareholders,*

*India is now being recognized globally as a viable manufacturing base, more so for automotive components.*

*Your Company has been serving some of the major global players in automotive field for the last 12 years and has so far supplied over 100 million units of Motors and Sub-assemblies. This has enabled your Company build a strong reputation for its design and engineering capability, quality, cost competitiveness and response among others.*

*Your Company is today a preferred supplier to many of the major Tier-1 suppliers to Automotive Industry. This augurs well for the growth of your Company in the coming years.*

*Your Company has been experiencing immense cost pressures due to steep increase in input raw material cost particularly Steel and Copper. The Company has embarked on various initiatives to address the problem.*

*We can be genuinely proud of the quality of human resources in general and management in particular. This gives me confidence that your Company has a bright future.*

*I wish to thank all the shareholders for the strong support given to us and I would like to assure them that we will do everything possible to live up to your expectations.*

*Regards*

**K K NOHRIA**  
*Chairman*

## *Igarashi Motors India Limited*

*A message from*

*June 14, 2006*

**K Igarashi**

*President, Igarashi Group*

*Dear Shareholders,*

*I wish to thank each one of you for the great support given to the Company over the past years.*

*Our Indian business model has begun to work now and last year the Business Growth was nearly 70% over previous year. Now, several Business Opportunity Windows are open for our growth and I imagine that we should be able to sustain a 30% to 35% Annual Growth over the next 3 to 4 years.*

*Having built credibility in the Global Automotive Component Industry, we are now trying to build Strategic Alliances on either side of supply chain to harness the opportunities and shorten the time to launch and grow. Our experience has been that if we are able to partner with an experienced Company out side India to bring them to India as it helps in many ways, we are inviting Japanese partners to work with us for the Indian Market.*

*Last year, we have invited new Investor Partners – M/s. T. Rowe Price International Inc., and M/s. Lloyd George Investment Management (Bermuda) Limited along with M/s. Aeneas Evolution Portfolio Limited and we do hope that their confidence reposed in us will be rewarded.*

*I appreciate the Igarashi India Team who have been largely responsible for the Igarashi India Build up.*

*Having faced all the risks and vagaries of the Global Markets and gained momentum in our Top Line performance, we now, aim towards driving all those strategies that would demonstrate the same in the bottom line as well.*

*Yours truly,*



**K.IGARASHI**



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT The Fourteenth Annual General Meeting of Igarashi Motors India Limited will be held on Wednesday, the 26th July, 2006, at 11.00 A.M at the Music Academy, Mini Hall, 306 T T K Road, Chennai 600014 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2006, the Profit and Loss Account for the year ended 31st March 2006 and the Auditors' Report thereon.
2. To declare Equity dividend.
3. To appoint a Director in place of Mr. T Igarashi who retires at this meeting and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Keiichi Igarashi who retires at this meeting and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.  
M/s. 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 with or without modification the following resolution as an Ordinary Resolution:  
"RESOLVED THAT in supersession to the resolution passed by the members at the Tenth Annual General Meeting held on 23rd July 2002, 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.100 Crores (Rupees Hundred 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, approve and if thought fit, to pass the following resolution as Special Resolution :  
"RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 and Regulations made thereunder and other prevailing laws, rules, regulations as applicable from time to time and subject to such consents, sanctions, approvals and permissions as may be required from the appropriate authorities, consent be and is hereby accorded for acquiring and holding shares of the Company by the Foreign Institutional Investors( FIIs) including their sub-accounts upto an aggregate limit of 40% (Forty Percent) of the Paid-up Equity Share Capital of the Company.  
RESOLVED FURTHER THAT consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) to do all such acts, deeds, matters and things and execute all such documents , deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Company."
8. To consider, approve and if thought fit, to pass the following resolution as Special Resolution :  
"RESOLVED THAT THE Percentage of Post Preferential Issue of M/s. T. Rowe Price International Inc., given under Item No.4 (v) of Explanatory Statement annexed to the Notice in respect of Allotment of 11,25,000 equity shares in the aggregate to M/s. T. Rowe Price International Inc., and M/s. Lloyd



## **Igarashi Motors India Limited**

George Investment Management (Bermuda) Limited, on preferential basis passed at the Extra-ordinary General Meeting of the Company held on Friday, 20th January, 2006 be and is hereby ratified."

9. To consider, approve and if thought fit, to pass the following resolution as Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations, the Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee including ESOP Compensation Committee of the Board), consent of the Company be and is hereby accorded to the Board to the proposed ESOP Scheme -2006 (hereinafter referred to as "the Scheme") and to create, grant, offer, issue and allot, in one or more tranches, under the said proposed ESOP Scheme - 2006 at any time, to such permanent employees of the Company whether working in India or out of India and Directors of the Company whether Wholtime Directors or otherwise (hereinafter referred to collectively as the "Employees"), as may be decided by the Board, Options exercisable by the Employees under the said Scheme, to subscribe to such number of equity shares and/or equity linked instruments including options and / or any other instruments or securities which could give rise to the issue of equity shares (hereinafter referred to collectively as "the Securities") of the Company, initially not exceeding 3.60% in aggregate of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2006, i.e. 5,00,000 equity shares, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or any other applicable provisions of any law as may be prevailing at that time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the said ESOP Scheme - 2006 on such terms and conditions as contained in the Explanatory Statement to this item in the Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the said Scheme.

RESOLVED FURTHER THAT the Securities may be allotted in accordance with the said ESOP Scheme - 2006 either directly or through an existing trust or a trust which may be set up in any permissible manner and that the Scheme may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe to the Securities of the Company.

RESOLVED FURTHER THAT any new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu inter se in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Securities allotted under the said ESOP Scheme - 2006 on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges, the Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."





10. To consider, approve and if thought fit, to pass the following resolution as Special Resolution :

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations, the Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include ‘ESOP Compensation Committee of the Board’), consent of the Company be and is hereby accorded to the Board to extend the benefits of the “ESOP Scheme – 2006” referred to in the resolution under Item No. 9 in this Notice and duly passed at this Meeting, also to such permanent employees of the subsidiary Companies whether working in India or out of India and Directors of the subsidiary Companies whether Wholtime Directors or otherwise, as may be decided by the Board and / or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By Order of the Board  
For Igarashi Motors India Limited

**P. DINAKARA BABU**  
Company Secretary

Place : Chennai  
Date : 14th June, 2006

Registered Office :  
Plots No. B-12 to B-15,  
Phase II, MEPZ-SEZ, Tambaram,  
CHENNAI – 600 045.

**Notes:**

- a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos.6 to 10 are 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 18th July 2006 to 26th July 2006 (both days inclusive) for the purpose of payment of Dividend.
- 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 Company's Registrars and Transfer Agents, M/s. Cameo Corporate Services Ltd., 1, Subramanian Building, Club House Road, Chennai - 600 002.

## Igarashi Motors India Limited

- f) Members 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) Members who have not so far encashed dividend warrant(s) for the Financial Years 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004 and 2004-2005 are requested to seek to issue a duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents M/s. Cameo Corporate Services Limited immediately.
- h) Members are requested to note that dividends unpaid/unclaimed for a period of seven years from the dates that they become due for payment will be transferred by the Company, as per Section 205A(5), to the Investor Education and Protection Fund (IEPF) constituted under Section 205C of the Companies Act, 1956.
- i) The payment of dividend, upon declaration by the Members at the forthcoming AGM, will be made on or after 26th July, 2006 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) Limited (CDSL) as at the end of the day on 17th July, 2006.
  - ❖ 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 17th July 2006.

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT

Explanatory statement annexed to the Notice of the Fourteenth Annual General Meeting of the Company as required under Section 173(2) of the Companies Act, 1956.

#### Item No. 6 : Borrowing Powers

Members of the Company at the Annual General Meeting held on 23rd July 2002 had accorded approval to the Board of Directors to borrow money in excess of the paid up share capital and free reserves provided aggregate of the said borrowal shall not exceed Rs.50 crores. The Company is building up strategic alliances on various fronts and also expanding its operations and are confident of an annual growth of 30-35% in the next few years. Considering the future activities of the Company, it may be necessary to borrow to meet the financial requirements and hence, the directors thought it fit to enhance the limit of borrowing power from Rs.50 crores to Rs.100 crores.

Section 293(1)(d) of the Companies Act, 1956 requires the consent of the Members in General Meeting by an Ordinary Resolution whenever the amount to be borrowed by the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, exceeds the paid up share capital and free reserves.

Accordingly, an Ordinary Resolution is placed under item No.6 of the Notice for consideration and approval of the Members. None of the Directors of the Company is concerned or interested in the above resolution.

#### Item No. 7 : Increase in Foreign Institutional Investors (FIIs) Limit

With a view to increase foreign inflow of capital, Reserve Bank of India has relaxed the norms relating to holdings of Foreign Institutional Investors(FIIs) and the Sub-Accounts of Foreign Institutional Investors. As per the recent circular, the aggregate of holdings of FIIs and sub-accounts of FIIs in the aggregate shall not exceed 100% of the paid-up capital of a Company located under Special Economic Zone. The consent of the Members by a Special Resolution is a prerequisite for increasing the holdings of FIIs/ sub-accounts of FIIs beyond 24%. Your Company comes under Special Economic Zone Unit and taking advantage of the relaxation provided by the Reserve Bank of India, the Board of Directors thought it fit to obtain the consent of the Members by a Special Resolution to increase the limit of holdings of FIIs upto 40%. Presently, the holding of FIIs in your Company is 21.66% of the paid-up share capital and the said percentage will stand increased to