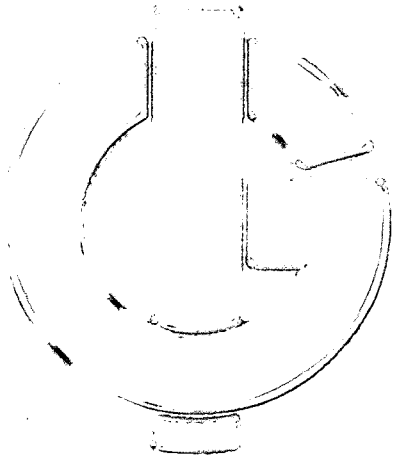


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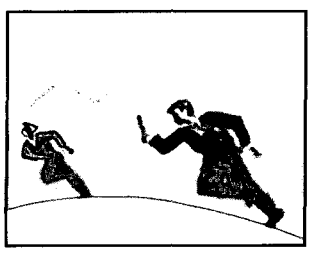
IGARASHI MOTORS INDIA LTD.

15th ANNUAL REPORT 2006-2007

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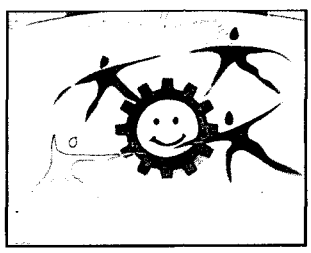
OUR PHILOSOPHY ON CORPORATE GOVERNANCE



MISSION TO ENHANCE CUSTOMERS COMPETITIVENESS



GLOBAL VISION THROUGH INDIAN DOORWAY



WEALTH FOR ALL PARTNERS THROUGH THE WHEEL OF ENGINEERING



TRANSPARENCY AND COMPLIANCE

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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 KOTAK MAHINDRA BANK LIMITED 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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From the Chairman's desk.....

Dear Shareholders,

2006-07 has been another year when your Company's Sales grew Organically by 40%. Your Company's bottom line continues to be hit due to increase in raw material costs like steel, copper that your Company has still not been able to pass on to its customers. The management team of your Company has weathered the tough period and is confident that the worst is over and it will only get better as we move forward.

Your Board of Directors have given a clear direction to the management to concentrate on enhancing the profitability of the business and cash generation in next year even at the cost of lower top line growth in order to create value for stake holders. I am confident that the management team, which has been closely working together for the past ten years, would achieve this target soon with their rich experience, commitment and hard work.

I wish to thank all the shareholders for their patience continued support and assure you that your Company's capable team would deliver the desired results and live up to your expectations.

With kind regards

K K Nohria
Chairman

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A Message from

K.Igarashi

President, Igarashi Group

Dear Shareholders,

The performance of your Company, during 2006-07, in terms of Sales was commendable but profitability was inappreciable. I am happy to report that the management' s efforts in growing sales have been paid off. I strongly believe it is the right time for management to aim for growing profitability and achieving global scale of operations.

In my previous communications, I had mentioned about growing Indian Automotive Market. I am happy to report that the growth in Indian Automotive Industry has now been recognized by all stake holders viz., Indian Government, OEMs, Tier-1 Companies and your Company will offer our valuable Global Experience to the Indian Customers.

I am pleased to inform you that the Japanese Auto Industry is now looking at India with a keen interest to outsource components from India and this, gives Business Opportunity Window to your Company.

Your Company has thus embarked on establishing strategic alliances on either side of supply chain for penetrating into Domestic Indian market in a big way.

I am sure Igarashi India team would gear up for operational profitability with a strong direction to relaise the same.

Yours truly,



K.Igarashi

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT The Fifteenth Annual General Meeting of Igarashi Motors India Limited will be held on Saturday, the September 29th, 2007, at 3.00 P.M at Sathguru Gnanananda Hall, Narada Gana Sabha Trust Complex, Mini Hall, 314, T.T.K. Road, Chennai 600 018 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2007,the Profit and Loss Account for the year ended 31st March 2007 and the Auditors' Report thereon.
2. To declare dividend for the year ended March 31,2007 on Equity Shares.
3. To appoint a Director in place of Mr. K K Nohria who retires at this meeting and is eligible for re-appointment.
4. To appoint a Director in place of Mr. C P Dusad 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, approve and if thought fit, to pass the following resolution as **Special Resolution** :

   "RESOLVED THAT in supersession of the Special Resolution under Item No. 9 of the 14th Annual General Meeting Notice Dated June 14,2006 passed by the Members of the Company on July 26,2006 and 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 trenches, 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 Wholetime 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, 2007, 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

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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 Board be and is hereby authorised to allot such number of Securities either partly and/ or fully in accordance with the said ESOP Scheme - 2006 directly to the employees and/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.

RESOVLED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein to any committee of Directors or the Chairman of the Company with a power to further delegate to any executives/officers of the Company to do all such acts, deeds, matters and things as also to execute such documents , writings etc., as may be necessary in this regard."

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

"RESOLVED THAT in supersession of the Special Resolution under Item No. 10 of the 14th Annual General Meeting Notice Dated June 14,2006 passed by the Members of the Company on July 26,2006 and 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.6 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 Wholetime 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

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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.

RESOVLED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein to any committee of Directors or the Chairman of the Company with a power to further delegate to any executives/officers of the Company to do all such acts, deeds, matters and things as also to execute such documents , writings etc., as may be necessary in this regard."

By Order of the Board
For **Igarashi Motors India Limited**

P. DINAKARA BABU
Company Secretary
Membership No. A - 14812

Place : Chennai
Date : 29th June, 2007

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

Notes:

a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item 6 & 7 is annexed hereto.

b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND 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 15th September 2007 to 29th September 2007 (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 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, before the date of the meeting, so as to enable the company to keep the information ready.

g) *Members are requested to note that the dividend for the financial year 1999-2000 remaining un-claimed for 7 years from the date of declaration has been transferred to the Investor Education and Protection Fund established by the Government of India pursuant to Section 205C of the Companies Act,1956. Consequently, no claim shall lie against the said Fund or the Company in respect of any amounts which were un-claimed and un-paid for a period of 7 years from the date they first become due for payment.*

h) Members who have not so far encashed dividend warrant(s) for the Financial Years 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005 and 2005-06 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.

i) 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 to the Investor Education and Protection Fund (IEPF) as per Section 205A(5) and Section 205C of the Companies Act,1956.

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j) The payment of dividend, upon declaration by the shareholders at the forthcoming AGM, will be made on or after 29th September, 2007 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 15th September, 2007.
- ❖ 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 15th September 2007.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

ITEM NO. 6 & 7- EMPLOYEE STOCK OPTION SCHEME-2006

The members of the Company had approved the Employee Stock Option Scheme (ESOP-2006) for the permanent employees and directors of the Company and Subsidiary Company (ies) by passing Special Resolutions at the 14th Annual General Meeting of the Company held on July 26,2006. Since, the issue of ESOP may be done parallely through Trust as well as directly to the employees, the Company now proposing to amend the scheme by seeking the shareholders approval as given in the notice.

Keeping in view of above and for best corporate governance practices, it is deemed appropriate to seek fresh approval of the members in supersession of the earlier resolution passed by members for grant of stock options.

The Board therefore proposed to evolve an Employee Stock Option Scheme (hereinafter referred to as "ESOP-2006") for the benefit of permanent employees and Directors of the Company as well as subsidiary Company (ies).

The following explanatory statement, which sets out various disclosures as required by Clause 6 of Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "the Guidelines").

The salient features of the ESOP Scheme are as under :

(a) The total number of options to be granted

The total number of options to be granted under this scheme shall initially not exceeding 3.60% of the paid-up share capital of the Company as on March 31,2007 i.e up to 5,00,000 options (3.60% of 1,38,74,382 Equity Shares).

One option entitles the holder of the options to apply for one equity share of the Company.

The Board may with the approval of shareholders increase the maximum number of options under the ESOP Scheme-2006 at any time.

(b) Identification of classes of employees entitled to participate in the ESOP

Such permanent employees, including Directors, of the Company and its subsidiary companies as may be decided by the ESOP Compensation Committee, from time to time, will be entitled to participate in the Scheme. The Compensation Committee is authorised to issue such number of options to the directors, permanent employees of subsidiary Companies as may deem fit.

Under the prevailing Guidelines, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the Scheme. A Director, who either by himself or through his relative or through any

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