

IGARASHI MOTORS INDIA LTD.

16th ANNUAL REPORT 2007-2008



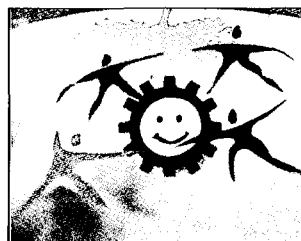
OUR PHILOSOPHY ON CORPORATE GOVERNANCE



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
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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
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BANKERS	ICICI BANK LIMITED INDIAN BANK MIZUHO CORPORATE BANK LIMITED STATE BANK OF INDIA THE BANK OF TOKYO MITSUBISHI (UFJ) LIMITED
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REGISTERED OFFICE & FACTORY	PLOTS NO.B-12 TO B-15, PHASE II MEPZ – SEZ, TAMBARAM CHENNAI – 600 045.
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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,

Your Company's top line revenue growth continued despite the slow down in Automotive Industry Growth in USA and Europe. I am pleased that Management Team of your Company has succeeded for getting support on Commodity Price Pass Through support Mechanism from one of our major customers. We are hopeful of getting similar agreement from other customers during the course of this year. This will reflect positive bottom-line in the coming years.

Your Company's Global Experience in and efficiency has attracted Global Leading Tier-1 Automotive Company , Robert Bosch GmbH, Germany to form a joint venture with your Company in India for developing , manufacturing and selling DC Motors and systems for Wiper, HVAC, Engine Cooling and Window lift application for the Indian Automotive Market. This will help your Company to source raw materials at more competitive prices and also enhance sub-assemblies business for your Company.

In view of our Joint Venture with Robert Bosch, it became necessary to re-organize our Component and sub-assembly business to avoid conflict of interest with competitors to Robert Bosch. Necessary re-organization has already been completed after seeking your approval.

Your management is fully conscious and committed to achieve profitability of the business and cash generation at the earliest. I feel confident that they will succeed in their efforts.

I am grateful to you, the shareholders, for your patience with us and would like to assure you that you will be duly rewarded in the coming years.

With kind regards



K K Nohria
Chairman



A Message from

K.Igarashi

President, Igarashi Group

Dear Shareholders,

The operating environment of for the Company remain difficult in the year 2007-08 due to increases in raw material prices and delay in obtaining Commodity Price pass through in place. Despite of the bothersome trends of Global Automotive Industry, the Company with the commitment, sprit and dedication displayed by the Management Team has survived the challenges.

As the automotive industry has become more globalised, co-operative arrangements have become an important element for your Company to survive. Your Company has formed a Co-operative Venture with Robert Bosch GmbH, Germany to manufacture DC motors and Systems to domestic OEMs. I hope this venture would pave way to have strong foot in Indian Market and thank Robert Bosch GmbH, Germany for choosing the Company as a Partner.

Your Company's strategic alliances, on either side of supply chain for penetrating into Domestic Indian market, are expected to show positive impact on the performance of the Company.

I would like to thank all our shareholders for the support and considering the environment and our situation, we have to belt ourselves with the best directions.

Yours truly,

K.Igarashi

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT The Sixteenth Annual General Meeting of Igarashi Motors India Limited will be held on Friday, the September 26, 2008, at 10.00 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 2008, the Profit and Loss Account for the year ended 31st March 2008 and the Auditors' Report thereon.
2. To declare dividend for the year ended March 31, 2008 on Equity Shares.
3. To appoint a Director in place of Mr. K Igarashi who retires at this meeting and is eligible for re-appointment.
4. To appoint a Director in place of Mr. G N Mani 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 pursuant to the Provisions of the Companies Act, 1956 (including any Statutory Modification(s) or re-enactment thereof for the time being in force and as may be enacted hereafter) the Securities Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions, and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions, and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "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) , consent be and is hereby accorded to the Board to delist the Company's Shares from the Madras Stock Exchange Limited, Chennai without giving an exit option to the Shareholders of the region where the aforesaid Stock Exchange is situated and on the terms and conditions as may be stipulated and mutually agreed to in the best interests of the Company and for that matter to approach the Stock Exchange and/or any other concerned authorities seeking its (their) approval for voluntary Delisting of the Equity Shares from the said Stock Exchange.

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 of Voluntary De-listing of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution".

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

" RESOLVED THAT pursuant to and in accordance with 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 , if any, the ESOP Scheme -2006 of the Company be amended by substituting existing clause 7.3 with the following new Clause 7.3 :



7.3 “a) Each OPTION shall specify the Exercise Price i.e. the price per share to be paid by the OPTION Holder to the COMPANY for subscribing to the EQUITY SHARES which his OPTION entitles him to subscribe. The exercise price for the purpose of grant of options will be decided by the Compensation Committee provided the Exercise Price per OPTION shall not be less than the Par value of the equity share of the Company and shall not be more than the market price on the 16th Annual General Meeting date (i.e. September 26,2008) being relevant date subject to Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. In case the share price is not quoted on the given date then the share price on previous trading day would be Exercise Price.

b) The Exercise Price for the purpose of Grant of Option under Trust Route would be decided by the Compensation Committee provided the Exercise Price per OPTION shall not be less than the Par value of the equity share of the Company and shall not be more than the market price on the 16th Annual General Meeting date (i.e. September 26,2008.) being relevant date subject to Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. In case the share price is not quoted on the given date then the share price on previous trading day would be Exercise Price”.

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.

FURTHER RESOVLED 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.”

Place : Chennai
Date : 30th June, 2008

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

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

P. Dinakara Babu
Company Secretary
Membership No. A - 14812

Igarashi Motors India Limited

Notes:

- a) The relative Explanatory Statement pursuant to Section 173 of the companies Act, 1956 in respect of item 6 & 7 are 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 September 20,2008 to September 26,2008 (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, so as to enable the company to keep the information ready.
- g) *Members are requested to note that the dividend for the financial years 1999-2000 and 2000-2001 remaining un-claimed for 7 years from the date of declaration had 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 2001-2002, 2002-2003, 2003-2004, 2004-2005,2005-06 and 2006-07 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.
- j) The payment of dividend, upon declaration by the shareholders at the forthcoming AGM, will be made on or after September 26,2008 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 September 20,2008.
 - ❖ 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 September 20,2008.



ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT

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

ITEM NO. 6 – DE-LISTING OF SHARES FROM MADRAS STOCK EXCHANGE LTD

Presently, the Company's shares are listed at National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Madras Stock Exchange (MSE). Owing to the rapid dematerialization of Securities, technological developments and online trading facilities, the shares of the Company traded all over India through online terminals provided by NSE and BSE. The Company's shares are compulsorily tradable in demat form only. The Company's shares trading volume is Nil for the past three years. In view of this, it is proposed to de-list the Company's equity shares from MSE as stated in the resolution. The proposed voluntary de-listing of the Company's equity shares from the said stock exchange will not adversely affect the interests of any investors including that of the Members located in the region where the said Stock Exchange is situated since online terminals are provided by NSE and BSE in this region as well. Further, delisting from this Stock Exchange will help saving avoidable expenditure and administrative compliances.

In line with the SEBI (Delisting of Securities) Guidelines, 2003 and members approval is being sought by a Special Resolution for enabling voluntary delisting of its shares from the MSE.

Your Directors commend the Special Resolution for your approval.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

ITEM NO. 7 – RE-SETTING OF EXERCISE PRICE UNDER ESOP SCHEME-2006

The members of the Company had approved the Employee Stock Option Scheme (ESOP-2006) for 5,00,000 (3.60%) equity shares to the permanent employees and directors of the Company and Subsidiary Company (ies) by passing Special Resolutions at the 15th Annual General Meeting of the Company held on September 29, 2007 for the issue of ESOP may be done parallelly through Trust Route as well as directly to the employees.

Since, the Board of Directors of the Company have felt that 5,00,000 equity shares to be granted under ESOP Scheme-2006 would not be sufficient and sought members approval for increasing total number of options to 12,50,000 options (i.e 9.00 % of 1,38,74,382 equity shares) by way of Postal Ballot which has been granted on March 27, 2008.

The exercise price for the purposes of the grant of options has been adopted as the Exercise Price per option shall not be less than the Par value of the equity share of the Company and shall not be more than the closing price on the Stock Exchange, which records highest trading volume in the Company's equity shares on the relevant date (i.e September 29, 2007) subject to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Keeping in view of decline in Share Market which has impacted share price of your Company, the Board of Directors felt it is prudent to re-set the Pricing Clause of ESOP Scheme-2006 by seeking approval of the members.

The Board commends the Special Resolution set out at Item No. 7 for approval of Members.

The other terms of existing ESOP Scheme-2006 will remain un-changed.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except to the extent of the Options that may be offered to them under the Scheme.

Place : Chennai

Date : 30th June, 2008

Registered Office:

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

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

P. Dinakara Babu
Company Secretary
Membership No. A - 14812