

IGARASHI MOTORS INDIA LTD.

17th ANNUAL REPORT 2008-2009



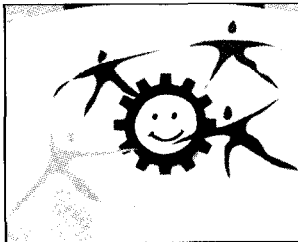
OUR PHILOSOPHY ON CORPORATE GOVERNANCE



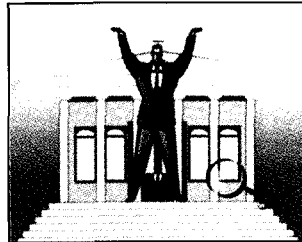
MISSION TO ENHANCE
CUSTOMERS



GLOBAL VISION
THROUGH INDIAN DOORWAY



WEALTH FOR ALL
PARTNERS THROUGH



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
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MANAGING DIRECTOR	P. MUKUND
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HEAD - FINANCE	R. CHANDRASEKARAN
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COMPANY SECRETARY	T.S. MAHARANI
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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.





Contents

Sl.No.	Page No.
1.	Chairman's Desk.....4
2.	President's Message.....5
3.	Notice6
4.	Directors' Report8
5.	Management Discussion and Analysis Report.....16
6.	Corporate Governance Report.....21
7.	Auditors' Report.....32
8.	Balance Sheet.....36
9.	Profit and Loss Account37
10.	Schedules to Accounts.....38
11.	Significant Accounting Policies.....45
12.	Notes Forming Part of Accounts48
13.	Balance Sheet Abstract and Company's General Business Profile.....57
14.	Cash Flow Statement.....59

Igarashi Motors India Limited

From the Chairman's desk.....

Dear Shareholders,

Year 2008/09 has been extremely bad for your Company. The Management had hedged the foreign exchange exposure as there was a general perception that Rupee will gain further strength vis-a-vis US Dollar in April, 2008. This perception was also validated by our Foreign Exchange Advisors.

Unfortunately, the Rupee depreciated significantly leading to substantial foreign exchange loss both on account of hedging the receivables as also, reinstatement of Foreign exchange liabilities at the end of the year. This has impacted our results very adversely.

Second half of the year witnessed Global slowdown impacting the Auto sector in a major way. The demand for our products reduced by 40%. Your Management did restructure the operations in line with the demand but as you will appreciate, this could not be done instantly. This also meant our using high cost inventory stocks and delayed our taking advantage of the dip in commodity prices.

Heavy losses have created immense challenges for the Management team. They are taking every possible step for cost containment so as to return to profitability at the earliest. I feel that their commitment and determination will see our operations becoming profitable during the second half of 2009/10.

These are difficult times and I seek your patience to have faith in the competence and commitment of our Management team. They need our support and encouragement, more so, in this difficult period.

You have stood with us through thick and thin. I once again count on your understanding. I assure you, we will do our best to return to profitability at the earliest.

With kind regards



K K Nohria
Chairman



A Message from

K.Igarashi

President, Igarashi Group

My dear Shareholder ,

Last year was a very difficult year for most Companies in the Automotive Industry. In the lifetime of our Group in Japan, we have not seen such a drastic downturn.

As a country, Japan has faced many natural and man made disasters and one of the reasons for Japan's success in the World is the ability to recover from any kind of catastrophe. However they leave a lot of damages behind.

Igarashi Group was also not spared by the crisis of 2008 and we faced a severe impact of the downturn in all our locations globally. We saw drop in Business and operations by nearly 40% and also had to wade through the financial impacts of these.

Our Indian Operations were heavily affected and since I have good hopes for our operations in India, we supported from Japan to the best of our ability.

In fact, immediately after our Joint Venture with Robert Bosch last year, we had launched talks with partners who could work with us in sharing the future in India, but this could not be concluded during the year due to the sudden economic downturn and stiff financial markets since Oct'2008.

This had caused severe stress in the financial system of the Company, more so due to the multiple adverse impact of Foreign Currency and Business downturn.

While I expect the stress and strain to continue through out 2009, the positive aspect is that business has come back to our India and China locations and restructuring helped us to reduce costs considerably.

While my estimate is that we need to be very watchful throughout 2009 and 2010, the good part is that our Group has key manufacturing locations in China and India, which will be the growth markets for the future. With Strong Export Platforms built in both countries, we will now focus sharply on the Domestic markets.

Profitability has been a key issue for us and I am directing the Indian team to focus strongly on this.

I wish to thank all the shareholders for being with us during the tough times and end my note with a hope that we will see good times soon.

Yours sincerely

K.Igarashi

Igarashi Motors India Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT The Seventeenth Annual General Meeting of Igarashi Motors India Limited will be held on Wednesday, the 30th September, 2009, at 4 P.M. at the Music Academy, Mini Hall, 306 T.T.K. Road, Chennai – 600 014 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2009, the Profit and Loss Account for the year ended 31st March 2009 and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. T Igarashi who retires at this meeting and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Keiichi Igarashi who retires at this meeting and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

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

Place : Chennai
Date : June 29, 2009

By Order of the Board
For Igarashi Motors India Limited

Registered Office :

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

T.S.Maharani
Company Secretary

Notes:

- a) 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.
- b) The Register of Members of the Company will remain closed from 26th September, 2009 to 30th September, 2009 (both days inclusive) for book closure purpose.
- c) Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- d) 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.
- e) 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.



- f) *Members are requested to note that the dividend for the financial year 2001-2002 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.*
- g) Members who have not so far encashed dividend warrant(s) for the Financial Years 2002-2003, 2003-2004, 2004-2005, 2005-06, 2006-07 and 2007-08 are requested to seek to issue a duplicate warrant(s) by writing to the Company's Registrars and Share 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 to the Investor Education and Protection Fund (IEPF) as per Section 205A(5) and Section 205C of the Companies Act, 1956.
- i) Our Company's shares are tradable compulsorily in electronic form and through Cameo Corporate Services Limited, Registrars and Share Transfer Agents. We have established connectivity with both the depositories, ie. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The International Securities Identification Number (ISIN) allotted to your Company's shares under the Depository system is INE188B01013. As on March 31, 2009 97% of our Company's Shares were held in dematerialized form and the rest are in physical form. To enable us to serve our investors better we request shareholders whose shares are in physical mode to dematerialize shares and to update their bank accounts with the respective Depository Participants.

Igarashi Motors India Limited

DIRECTORS' REPORT

To

The Shareholders,

Your Directors present their Seventeenth Annual Report of your Company, together with the Audited Accounts for the year ended 31st March 2009.

Financial Results:

Your Company's performance during the year as compared with that during the previous year is summarized below:

Particulars	(Rs.in lakhs)	
	2008-09	2007-08
Total Sales	25781.32	27401.78
Add : Other Income	1710.24	3366.13
Total Income	27491.56	30767.91
Less :		
(i) Materials Cost	22629.76	21240.07
(ii) Value Addition Cost	5743.67	7066.71
Profit before Depreciation, Amortization & Foreign Currency impact	(881.87)	2461.13
Less :		
(i) Foreign Currency impact	4151.02	166.37
(ii) Depreciation & Amortization Expenses	834.84	1060.72
Profit Before Tax	(5867.73)	1234.04

OPERATIONS:

During the year the operations of your Company suffered unprecedented losses due to a combination of Forex losses and slow down of business.

During the year Sales prices were re-negotiated with the customers and the impact will be visible in the coming year.

The Management re-structured the operations in line with fall in business and resorted to cost reduction.

The period October'08 to March'09 was a very challenging period in view of sharp decline in business. Your Company took all possible steps to survive the down turn. Some loans were re-structured and others are being re-structured and we are reasonably hopeful that the Company will return to operational health by the second half of FY 10 .

DIVIDEND

In view of loss, your Directors regret their inability to recommend payment of Dividend to their shareholders for the year under review.