



IGARASHI MOTORS INDIA LTD.

21ST ANNUAL REPORT

2012 - 2013



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 G.N. MANI KEIICHI IGARASHI M.S.S. SRINATH JACOB MATHEW (until 26/06/2013) SRINIVASAN RAVINDRAN (w.e.f 17/07/2013)
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 STATE BANK OF INDIA
REGISTERED OFFICE	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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NOTICE

NOTICE IS HEREBY GIVEN THAT The Twenty First Annual General Meeting of Igarashi Motors India Limited will be held on Monday, the September 23, 2013, 3.00 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 2013, Statement of Profit and Loss for the year ended 31st March 2013 and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. K 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.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as on Ordinary Resolution:

“RESOLVED THAT Mr. Srinivasan Ravindran, a Director who was appointed as an Additional Director and who holds office as such upto the date of Twenty First Annual General Meeting of the Company and in respect of whom Notice under Section 257 of the Companies Act, 1956 have been received from the member signifying the intention to propose Mr. Srinivasan Ravindran as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company and liable to retire by rotation.”

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

Place: Chennai
Date : August 13, 2013

P. Dinakara Babu
Company Secretary

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

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 September 16, 2013 to September 23, 2013 (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 Company's Registrars and Transfer Agents, M/s. Cameo Corporate Services Limited immediately.

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- 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 2005-2006 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 2006-07 and 2007-08 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 date 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 i.e. 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, 2013, over 98% 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.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No 5 :

Mr. Srinivasan Ravindran was appointed as an Additional Director by the Board of Directors at their meeting held on July 17, 2013. The Additional Director appointed shall hold the office only up to the date of the Next Annual General Meeting of the Company.

The Company has received a notice under Section 257 of the Companies Act, 1956 from member of his intention to propose the Candidature of Mr. Srinivasan Ravindran as Director of Company and shall liable for retire by rotation.

The relevant resolution has been proposed as an ordinary resolution for obtaining the approval of members.

The Directors recommend that the resolution be passed.

None of the Directors except Mr. Srinivasan Ravindran is concerned or interested in the resolution.

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

Place: Chennai
Date : August 13, 2013

P. Dinakara Babu
Company Secretary

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



DIRECTORS' REPORT

To

The Shareholders,

Your Directors present their Twenty First Annual Report of your Company, together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

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

	(Rs. in Lakhs)	
Particulars	2012-13	2011-12
Manufacturing Sales	28,850.74	25,986.24
Trading Sales	227.23	866.67
Total Sales	29,077.97	26,852.91
Add : Other Income	239.25	103.79
Total Income	29,317.22	26,956.70
Less :		
(i) Materials & Manufacturing Expenses	19,230.98	18,682.31
(ii) Value Addition Cost	5,813.87	5,378.38
Profit before Depreciation, Amortization	4,272.37	2,896.01
Less :		
Depreciation & Amortization Expenses	1,336.57	1,119.39
Profit Before Tax	2,935.80	1,776.62

OPERATIONS

Your Company achieved topline growth during the year under review with total income at Rs.29,317.22 Lakhs. The Operating profit before depreciation and amortization amounted to Rs. 4,272.37 Lakhs. Profit before Tax amounts to Rs. 2,935.80 Lakhs. Your Company managed the Operations to post a Sales growth of 8.3% and an EBIDTA Growth of 25.9%.

The Management Discussion Analysis reports the detail steps taken in this area.

DIVIDEND

Your Directors recommended no payment of dividend to their shareholders for the year under review.

RESERVES

The Reserves at the end of the year 31st March, 2013 is at Rs.10,231.83 Lakhs as against the Total Reserves of Rs. 8,082.18 Lakhs as at 31st March, 2012.

ISSUE OF OPTIONALLY CONVERTIBLE DEBENTURES

The Board of Directors took note of your Company's promoter, Agile Electric Sub Assembly Private Limited ("AESPL") and certain shareholders of AESPL have simultaneously entered the following agreements with Blackstone Capital Partners (Singapore) VI FDI Three Pte. Limited ("Blackstone") and BFIP (Cayman) VI-ESC FDI Three Limited (together, the "Investors"):

- (a) a share subscription and purchase agreement dated 17 July 2013; and
- (b) two share purchase agreements dated 17 July 2013 (together, the "SSPA"),

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Pursuant to which 4,57,96,048 (Four Crore Fifty Seven Lakh Ninety Six Thousand and Forty Eight) equity shares of AESPL in aggregate will be purchased by the Investors from certain shareholders of AESPL, including HBL Power Systems Limited and Mr. Padmanaban Mukund (“PM”), and 61,76,806 (Sixty One Lakh Seventy Six Thousand Eight Hundred and Six) equity shares of AESPL shall be subscribed by the Investors, on the terms and subject to the satisfaction of certain conditions set out therein, including without limitation approval from the German Competition Authority. Pursuant to these transactions and upon completion occurring under the SSPA, the Investors shall be the legal and beneficial owners of 97.90% (Ninety Seven Point Nine Zero Per cent) of the share capital of AESPL.

In addition, PM, an Indian resident individual and the Managing Director of the Company, will be subscribing to an aggregate of 92,32,362 optionally convertible debentures (“OCDs”) of the Company with a 9% p.a. coupon payable at six-monthly rests, as a ‘person acting in concert’ [as the term is defined in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulations”)] with the Investors, at a price which shall be the higher of: (a) Rs. 65 (sixty five rupees) per OCD; and (b) such price determined in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations”).

Your Board has accordingly approved and entered into an OCD Subscription Agreement dated 17 July 2013 between Company, AESPL and PM.

The preferential issue to PM is subject to approval of the members of the Company by way of Postal Ballot notice issued on July 17, 2013 and will be in accordance with the terms and conditions of OCD Subscription Agreement, and is subject to obtaining all requisite approvals including the shareholders’ approval through postal ballot.

OPEN OFFER UNDER THE TAKEOVER REGULATIONS

In view of the above, the Investors will indirectly acquire control over your Company through its control of AESPL, upon completion under the SSPA, which shall occur upon the satisfaction of certain conditions, including, without limitation, approval from the German Competition Authority. Hence, AESPL, together with the Investors and PM, will have to make a public announcement of an open offer under the applicable provisions of the Takeover Regulations at an offer price determined in accordance with the applicable provisions of the Takeover Regulations.

DIRECTORS

During the year, Mr. T Igarashi, Mr. C P Dusad, Dr. A J Prasad and Ms. Kavita Prasad resigned as Directors. Your Directors wish to place on record their appreciation of the contribution of these Directors. Mr. Jacob Mathew resigned from Directorship effective from June 26, 2013. Your Directors wish to place on record their appreciation of the contribution of these Directors.

Mr. K Igarashi and Mr. Keiichi Igarashi Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

On July 17, 2013, your Board approved Mr. Srinivasan Ravindran as Additional Director to act as Independent Director. The Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose Mr. Srinivasan Ravindran as a candidate for the office of Director and accordingly a resolution is being placed before the members at the forthcoming Annual General Meeting.

The brief resume/details relating to Directors being appointed / re-appointed as stipulated under Clause 49(VI)(A) of the Listing Agreement executed with the Stock Exchanges are furnished in the Report on Corporate Governance.

AUDITORS

M/s. Sharp & Tannan, Auditors of the Company retire at the ensuing Annual General meeting and being eligible, offer themselves for re-appointment. Members are requested to appoint auditors for the current year and authorize the Board to fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained a written Certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.