



## **Igarashi Motors India Limited**

<b>BOARD OF DIRECTORS</b>	K. K. NOHRIA (CHAIRMAN) K. IGARASHI C.P. DUSAD G.N. MANI T. IGARASHI KEIICHI IGARASHI A.J. PRASAD* KAVITA PRASAD* M.S.S. SRINATH* JACOB MATHEW*
<b>MANAGING DIRECTOR</b>	P. MUKUND
<b>HEAD - FINANCE</b>	R. CHANDRASEKARAN
<b>COMPANY SECRETARY</b>	T.S. MAHARANI
<b>AUDITORS</b>	SHARP & TANNAN CHARTERED ACCOUNTANTS PARSN MANERE, A-WING 3RD FLOOR, 602, ANNA SALAI CHENNAI - 600 006
<b>BANKERS</b>	STATE BANK OF INDIA ICICI BANK LIMITED
<b>REGISTERED OFFICE &amp; FACTORY</b>	PLOTS NO.B-12 TO B-15, PHASE II MEPZ - SEZ, TAMBARAM, CHENNAI - 600 045.

\* Appointed as a Director w.e.f. 28th July 2011

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 Motors India Limited

### From the Chairman's desk.....

Dear Shareholders,

Your management has justified your confidence in them, as they were able to handle the challenges faced by your company for the years 2009 & 2010, successfully.

This has enabled your company to address the growth potential again and post reasonable results for the year 2011. I feel this growth momentum will be continued in the coming years.

The demand from our customers continue to be robust and our operations show consistent improvement. We should post robust profitable growth in the coming years.

The significant impetus to the financial stability of your company was provided by the Strategic Investment made by Agile Electric Drives Technologies and Holdings Private Limited (Agile Electric).

Agile Electric was able to make this investment in your company due to the substantial investment by HBL Power Systems Limited, a Leader in Power sources & Electronics.

We find great synergy between the values and vision of HBL and your Company. This augurs well for future growth, as we are in the process of merging Agile Electric with your Company. This process is likely to take between 12 to 18 months time as necessary for completing various formalities involved.

Please join me in complimenting our Management team for the dedication and commitment.

As always, I am extremely grateful to you, shareholders for your understanding and patience and I feel reasonably confident that this patience will be rewarded in the years to come.

With kind regards,



**K.K. Nohria**  
Chairman



## A message from

**K. Igarashi**

President, Igarashi Group

My Dear Shareholders,

It is my happiness to see that Igarashi India has turned around well and has returned to Profitability. We were one of the few SME Japanese Companies who set foot in India over 15 years ago, envisioning the Indian market to become a good future Growth Market.

My estimation has now come true and I believe India will be one of the largest and fastest growing markets in the days to come.

Carefully and deeply examining the business conditions globally and our endeavour to remain strong in the areas we set foot, we had to take a decision to invite a Strong Strategic partner to take a lead in India, drive the growth in India.

I am very happy that HBL Power Systems Limited decided to invest in our Company, creating a Strategic Partnership. This will Expand the Horizon of business of both our Organisations and I believe that our Indian Company will be a significant beneficiary of this Strategic Alliance.

I am very impressed with the Research and Technology capability of HBL and the Clear Vision and Strategic Energy of its Chairman.

I am happy to share with all our Stakeholders, that I have been right on top of all the issues with my core and capable team and the future for our Company looks stable and robust.

As I mentioned last year, we have been customer oriented players and respect all our Stakeholders. This helped in maintaining good relationships with all our Business Chain partners and Stakeholders and I look forward to the years ahead with a positive optimism for our Company.

I wish to mention that all our Customers, Suppliers, Bankers and Financiers have demonstrated their faith in us and I offer immense gratitude to all of them. Our Employees have demonstrated the material they are made of to pull up from the unprecedented crisis, build a suitable Model and return to good times once again and consider De-Risking as an all important aspect of Management.

It will not be out of place to say, that in my lifetime, Japan has seen many grave challenging situations in the past and current Earthquake, Tsunami and Nuclear danger have not left Japan free from such Natural Calamities and Disasters. But I am confident that the nation will spring back.

Your sincerely,

**K. Igarashi**

# Igarashi Motors India Limited

## NOTICE

NOTICE IS HEREBY GIVEN THAT The Nineteenth Annual General Meeting of Igarashi Motors India Limited will be held on Thursday, the 15th September, 2011, at 3.00 p.m. at the 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 2011, the Profit and Loss Account for the year ended 31st March 2011 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. Re-Appointment of Managing Director

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such approvals as may be necessary and further subject to the approval of members in the general meeting, Mr.P.Mukund be and is hereby re-appointed as the Managing Director of the Company for a further period of 5 years from 01.04.2011, on the terms and conditions as set out in the explanatory statement to this resolution".

#### 6. To Appoint a Director other than a Retiring Director

To consider and, if thought fit, to pass with or without modification(s) if any, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Dr. A.J.Prasad appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 28th July, 2011 and whose term of office expires in the ensuing Annual General Meeting be and is hereby re-appointed under Section 257 of the Companies Act, 1956, and is liable to retire by rotation".

#### 7. To Appoint a Director other than a Retiring Director

To consider and, if thought fit, to pass with or without modification(s) if any, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mrs.Kavita Prasad appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 28th July, 2011 and whose term of office expires in the ensuing Annual General Meeting be and is hereby re-appointed under section 257 of the Companies Act, 1956, and is liable to retire by rotation".



**8. To Appoint a Director other than a Retiring Director**

To consider and, if thought fit, to pass with or without modification(s) if any, the following resolution as an Ordinary Resolution :

“RESOLVED THAT Mr. M.S.S.Srinath appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 28th July, 2011 and whose term of office expires in the ensuing Annual General Meeting be and is hereby re-appointed under section 257 of the Companies Act, 1956, and is liable to retire by rotation”.

**9. To Appoint a Director other than a Retiring Director**

To consider and, if thought fit, to pass with or without modification(s) if any, the following resolution as an Ordinary Resolution :

“RESOLVED THAT Mr. Jacob Mathew appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 28th July, 2011 and whose term of office expires in the ensuing Annual General Meeting be and is hereby re-appointed under section 257 of the Companies Act, 1956, and is liable to retire by rotation”.

Place : Chennai  
Date : July 28, 2011

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 12th September 2011 to 15th September 2011 (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 2003-2004 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.

## Igarashi Motors India Limited

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 2004-05, 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 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 31st, 2011, 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.

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT

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

#### ITEM NO.5 : Re-Appointment of Managing Director

The Board of Directors, at their meeting held on 28th July, 2011 re-appointed Mr.P.Mukund as Managing Director of the Company for a further period of five years with effect from 01.04.2011, on the following terms and conditions, subject to the approval of the shareholders in the general meeting.

The material terms and conditions of the re-appointment is as follows:

#### Salary

Rs. 5,00,000 (Rupees Five Lakhs only) per month.

#### Commission

Commission, in addition to salary and perquisites will be variable at the discretion of the Board of Directors, limited to a maximum of the annual salary.

#### Perquisites

In addition to salary and commission, the Managing Director shall also be entitled to perquisites which will include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, re-imbursement of expenditure or allowances in respect of maintenance, utilities such as gas, electricity, water, furnishing and house repairs, medical reimbursement, medical insurance, hospital benefits, leave travel concession, for himself and his family, personal accident insurance, club fees and any other reimbursements, allowances or perquisites that may be permitted by the company or the Board of Directors, to a maximum value equal to the annual salary.





“Family” mentioned above means the spouse, dependent parents and dependent children upto the age of 24 years.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual costs.

Provision of car and telephone for use on the Company’s business and telephone at the Managing Director’s residence will not be considered perquisite.

The following shall not be included for the purposes of computation of the Managing Director’s remuneration or perquisites as aforesaid:

- (i) the Company’s contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act;
- (ii) gratuity payable to the Managing Director as per the Rules of the Company;
- (iii) encashment of leave at the end of tenure, on ceasing to be Managing Director.

#### **Minimum Remuneration**

In the event of absence or inadequacy of profits in any financial year during the tenure of the Managing Director, the aforesaid remuneration payable to the Managing Director shall be the minimum remuneration payable to him.

Stock Options : In addition to salary and perquisites, the Managing Director will be entitled for issue, grant of Stock Options at the discretion of the Board/Compensation Committee subject to the applicable ceiling limits.

The terms and conditions of the said appointment may be altered, enhanced or varied from time to time by the Board as it may think, in its discretion, deem fit.

This may be treated as an abstract of the terms between the Company and Mr. P.Mukund pursuant to Section 302 of the Companies Act, 1956.

Your Directors believe that such issue is in the interest of the Company and therefore recommend the passing of the Resolution at Item No.5 of the Notice as a Special Resolution.

None of the Directors other than Mr. P.Mukund, are interested or concerned in the Resolution.

#### **ITEM NO.6 : Appointment of Director other than a Retiring Director**

In pursuant to Article 97 of the Articles of Association, and Section 260 of the Companies Act, 1956, Dr. A.J.Prasad appointed as an Additional Director in the Board Meeting held on 28th July, 2011 and whose term of office expires at this Annual General Meeting.

In pursuant to Section 257 of the Companies Act, 1956, he is eligible for Re-appointment and a notice has been received from a Member of the Company proposing his candidature.

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

The Board recommend the resolution for approval of members.

None of the Directors other than Dr. A.J.Prasad, Mrs. Kavita Prasad and Mr.M.S.S.Srinath are interested or concerned in the Resolution.

#### **ITEM NO.7 : Appointment of Director other than a retiring Director**

In pursuant to Article 97 of the Articles of Association, and Section 260 of the Companies Act, 1956, Mrs.Kavita Prasad appointed as an Additional Director in the Board Meeting held on 28th July, 2011 and whose term of office expires at this Annual General Meeting.

## Igarashi Motors India Limited

In pursuant to Section 257 of the Companies Act, 1956, he is eligible for Re-appointment and a notice has been received from a Member of the Company proposing his candidature.

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

The Board recommend the resolution for approval of members.

None of the Directors other than Mrs.Kavita Prasad, Dr.A.J. Prasad and Mr.M.S.S.Srinath are interested or concerned in the Resolution.

### **ITEM NO.8 : Appointment of Director other than a retiring Director**

In pursuant to Article 97 of the Articles of Association, and Section 260 of the Companies Act, 1956, Mr.M.S.S.Srinath appointed as an Additional Director in the Board Meeting held on 28th July, 2011 and whose term of office expires at this Annual General Meeting.

In pursuant to Section 257 of the Companies Act, 1956, he is eligible for Re-appointment and a notice has been received from a Member of the Company proposing his candidature.

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

The Board recommend the resolution for approval of members.

None of the Directors other than Mr. M.S.S.Srinath, Mrs.Kavita Prasad and Dr.A.J.Prasad are interested or concerned in the Resolution.

### **ITEM NO.9 : Appointment of Director other than a retiring Director**

In pursuant to Article 97 of the Articles of Association, and Section 260 of the Companies Act, 1956, Mr. Jacob Mathew appointed as an Additional Director in the Board Meeting held on 28th July, 2011 and whose term of office expires at this Annual General Meeting.

In pursuant to Section 257 of the Companies Act, 1956, he is eligible for Re-appointment and a notice has been received from a Member of the Company proposing his candidature.

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

The Board recommend the resolution for approval of members.

None of the Directors other than Mr. Jacob Mathew are interested or concerned in the Resolution.

Place : Chennai  
Date : July 28, 2011

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

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

**T.S.Maharani**  
Company Secretary



## DIRECTORS' REPORT

To

The Shareholders,

Your Directors present their Nineteenth Annual Report of your Company, together with the Audited Accounts for the year ended 31st March 2011.

### Financial Results:

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

	(Rs. in lakhs)	
<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
Manufacturing Sales	<b>18,611.23</b>	14,383.63
Trading Sales	<b>1,110.01</b>	1,486.92
<b>Total Sales</b>	<b>19,721.24</b>	15,870.55
Add : Other Income	<b>40.84</b>	54.23
<b>Total Income</b>	<b>19,762.08</b>	15,924.78
Less :		
(i) Materials & Manufacturing Expenses	<b>15,340.40</b>	12,619.49
(ii) Value Addition Cost	<b>2,661.75</b>	2,280.99
<b>Profit before Depreciation, Amortization &amp; Obsolescence</b>	<b>1,759.93</b>	1,024.30
Less :		
(i) Depreciation, Amortization & Obsolescence	<b>1,053.26</b>	648.05
<b>Profit Before Tax</b>	<b>706.67</b>	376.25

### OPERATIONS:

During the year, your Company managed the Operations to post a Sales growth of 29% and an EBIDTA Growth of 47 %.

The Company expanded its Capital by Rs 4959.50 lakhs and this helped significantly in the Strengthening of the Balance sheet and get back to credibility of Financial Strength with all Customers and Suppliers.

The Management Discussion report details steps taken in this area .

### DIVIDEND

In view of inadequacy of profits to wipe out the losses of last year, Directors recommend no payment of Dividend to their shareholders for the year under review.

### RESERVES

The Reserves at the end of the year 31st March, 2011 is at Rs.6218.58 lakhs as against the Total Reserves of Rs. 1,150.72 lakhs as at 31st March, 2010.

# **Igarashi Motors India Limited**

## **CHANGE IN CAPITAL STRUCTURE**

During the year under review, your Company's paid up Equity Share Capital has been increased from Rs. 138,743,820 to Rs. 203,743,820/- by way of Preferential Allotment of 65,00,000 Equity Shares @ Rs.10/- each at a premium of Rs.66.30 per share to Agile Electric Drives Technologies and Holdings Private Limited with an object to augment the Net Worth of the Company.

## **OTHER MATTERS**

Your Company invested an additional amount of Rs.1428.65 lakhs by increasing its stake upto 26% in the Joint Venture with Bosch Electrical Drives India Private Limited.

## **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.

Dr. A.J.Prasad appointed as an Additional Director with effect from 28th July, 2011 and whose term of office expires at this Annual General Meeting and being eligible, offer himself for re-appointment to the Board.

Mrs. Kavita Prasad appointed as an Additional Director with effect from 28th July, 2011 and whose term of office expires at this Annual General Meeting and being eligible, offer herself for re-appointment to the Board.

Mr. M.S.S. Srinath appointed as an Additional Director with effect from 28th July, 2011 and whose term of office expires at this Annual General Meeting and being eligible, offer himself for re-appointment to the Board.

Mr. Jacob Mathew appointed as an Additional Director with effect from 28th July, 2011 and whose term of office expires at this Annual General Meeting and being eligible, offer himself for re-appointment to the Board.

The brief resume/details relating to Directors being 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.

With reference to the Auditors Report, your Directors wish to clarify that the Company along with its Associate Company have initiated action for compounding the inadvertent offences under Sections 295 and 297 of the Companies Act,1956.

## **ESOP-2006**

Your Company had introduced the Employees Stock Option Plan -2006 in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999. The Scheme



was approved by the Shareholders at the Annual General Meeting of the Company in the year 2007. Your Company granted 7,50,000 Stock Options during the current year out of total 12,50,000 Options. As required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 a disclosure is annexed herewith.

## **HUMAN RESOURCES**

The Board of Directors wishes to place on record their sincere appreciation to all the employees of the Company for their dedication, commitment and loyalty to the Company, during the period of crisis which lasted till 2009-10 and exercised patience until the turnaround of the Company.

As per the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, Mr. P.Mukund, Managing Director of the Company received an amount of Rs.7,104,585/- as remuneration during the year 2010-11.

As required under the Provisions of the Companies Act, 1956, the Company has obtained Central Government Approval for payment of increased remuneration to Mr. P.Mukund, Managing Director of the Company for a period of one year from 01.04.2010 to 31.03.2011 vide Letter No.B05040407/5/2011-CL-VII dated 18.04.2011.

## **CORPORATE GOVERNANCE**

A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the requirements of corporate governance pursuant to clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto.

During the year, the company has granted 4,83,000 Options under the ESOP Scheme to the Managing Director which shall be vested within a period of one year from the date of the Grant of option.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report of the Company for year under review as required under clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate Statement in the Annual Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

The information required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is appended hereto and forms part of this Report.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of expenditure and earnings in foreign currency are given in the prescribed format as an annexure to this Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance of Section 217(2AA) of the Act, your directors, on the basis of information made available to them, confirm the following:

- a) In the preparation of the annual accounts, the applicable Accounting Standards have been followed with explanation relating to material departures, if any;

## Igarashi Motors India Limited

- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at 31st March 2011 and of the profit of the company for the year ended on that date;
- c) Proper care has been taken for maintenance of adequate accounting records for safeguarding the assets of the Company and detecting fraud and other irregularities;
- d) The accounts are prepared on a going concern basis.

### DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the public under Section 58A of the Companies Act, 1956 and Rules made there under.

### QUALITY AND ENVIRONMENT:

Your Directors are pleased to inform you that during the year your Company continued to work on live APQP (Advanced Product Quality Planning) processes for different Programs in the automotive industry. This ensures an effective advance failure mode analysis to ensure that Quality gets built into the Design as well as Process.

### LISTING

The shares of your Company continued to be listed at National Stock Exchange, Bombay Stock Exchange and Madras Stock Exchanges. Listing fee has already been paid for the financial year 2010-11. Further, Annual Custody Fee has also been paid to NSDL and CDSL.

### ACKNOWLEDGEMENT

The Board places on record its sincere appreciation for the continued support from the relevant Government Authorities, Promoter Companies, Shareholders, suppliers, customers, employees and other business associates, for their strong support.

*For and on behalf of the Board of Directors*

Place : Chennai  
Date : July 28, 2011

**K.K Nohria**  
Chairman



## ANNEXURE TO THE DIRECTORS REPORT

### A. CONSERVATION OF ENERGY

#### Energy Conservation Measures Taken:

- Lighting Energy Controller installed for reducing 20% of the total lighting power;
- Scroll Compressors and Occupancy sensors installed for controlling Air-conditioning usage;
- Plant adopted complete Utility power to reduce fuel consumption by enhancing demand from 1000 KVA to 1750 KVA – This has resulted in the power cost saving upto Rs.1.5 crores inspite of TNEB restriction;
- Optimum Pressure Bands have been installed for improving the efficiency of Pneumatic Compressors which has resulted in substantial reduction in power consumption;
- All machines have been installed with Logic controllers to stop the equipment which is idle for more than 15 minutes as compared to last year where 20% of the machines were pending.

### B. TECHNOLOGY ABSORPTION

#### Form B

#### Technology, absorption, adaptation and innovation

- a. Efforts, in brief, made towards technology absorption, adaptation and innovation :
- Continued to Develop new products at India , co-operating with large Customers to create Products for the Global platform;
  - Diversified into studying new types of Electric Motors for future and alternative segment applications;
  - Continuously improving Equipment and Machinery Technology for improved productivity;
  - Understanding of new Hi-Technology and more efficient manufacturing processes for component making resulting in quality improvement and cost reduction.
- b. Benefits derived as a result of the above efforts:
- Opened up new global market opportunities;
  - Started working with European Companies for supplying equipment with Low Cost Automation;
  - Supported the establishment of a Hi Quality Supply chain around your Company and launch business of those products independently;
  - Launched the Development of New products - Motors for domestic market.

c. Expenditure on New Product Development	(Rs. Lakhs)	
	2010-11	2009-10
Program Expenditure incurred during the year	5.24	38.08
Program Expenditure Amortized during the year	106.00	106.58

## Igarashi Motors India Limited

d. Information regarding imported technology during the last 5 years:

- i) Technology imported : Permanent Magnet DC Micro motors Technology
- ii) Year of Import : 1993-94
- iii) Status : Absorbed
- iv) if not fully absorbed : Not Applicable

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Activities relating to Exports; initiatives taken to increase exports; development of new export markets for products & export plans:

As the Company is 100% export oriented, refer para on "Business Prospects" of the Main report

b. Total Foreign exchange used and earned:	(Rs. Lakhs)	
	<b>2010-11</b>	2009-10
Total Foreign Exchange earned	<b>18,504.35</b>	15,419.56
Total Foreign Exchange used	<b>11,656.59</b>	9,144.66
{Excludes payments for capital goods Rs.1170.34 Lakhs		
(Previous Year: Rs. 179.73 Lakhs)}		

*For and on behalf of the Board of Directors*

Place : Chennai  
Date : July 28, 2011

**K.K Nohria**  
Chairman





## DETAILS OF STOCK OPTIONS PURSUANT TO SEBI GUIDELINES ON STOCK OPTIONS

### ESOP Scheme-2006

Description	ESOP Scheme- 2006
No. of Options available under ESOP Scheme-2006	12,50,000 (9%)
A) No. of Options Granted during FY 2010-11	7,50,000
B) The Pricing Formula	The exercise price for the purposes of the grant of options as decided by the ESOP Compensation Committee is Rs.40.15, the price being not less than the Par value of the equity share of the Company and not more than the market price as on 17th Annual General Meeting date (i.e September 30, 2009) being relevant date subject to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
C) Options vested during FY2010-11	Nil
D) Options Exercised during FY2010-11	Nil
E) The total number of shares arising as a result of exercise of option	Nil
F) Options lapsed FY2010-11	Nil
G) Variation Terms of Options	Nil
H) Money Realized by exercise of options	Nil
I) Total Number of Options in Force as on March 31, 2011	7,50,000
J) Employee-wise details of options granted to	Details as under:
i) Senior Managerial Personnel	1,75,000 options
ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	Nil
iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Managing Director 4,83,000 options

## Igarashi Motors India Limited

K) Diluted Earnings Per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"	Rs. 4.92
L) i) the Method of calculation of Employee Compensation Cost	Fair Value Method
ii) Difference between the employee compensation cost so computed at (i) above and the employee Compensation Cost that shall have been reorganized if it had used the fair value of options	N.A
iii) The impact of the difference on profits and on EPS of the Company	N.A
M) Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price	N.A
N) A description of the method and significant assumptions used during the year to estimate the fair values of options , including the following weighted average information :	N.A
1) Risk-free interest rate	
2) Expected life;	
3) Expected volatility;	
4) Expected dividends and	
5) The price of underlying share in market at the time of option grant	

*For and on behalf of the Board of Directors*

Place : Chennai  
Date : July 28, 2011

**K.K Nohria**  
Chairman



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

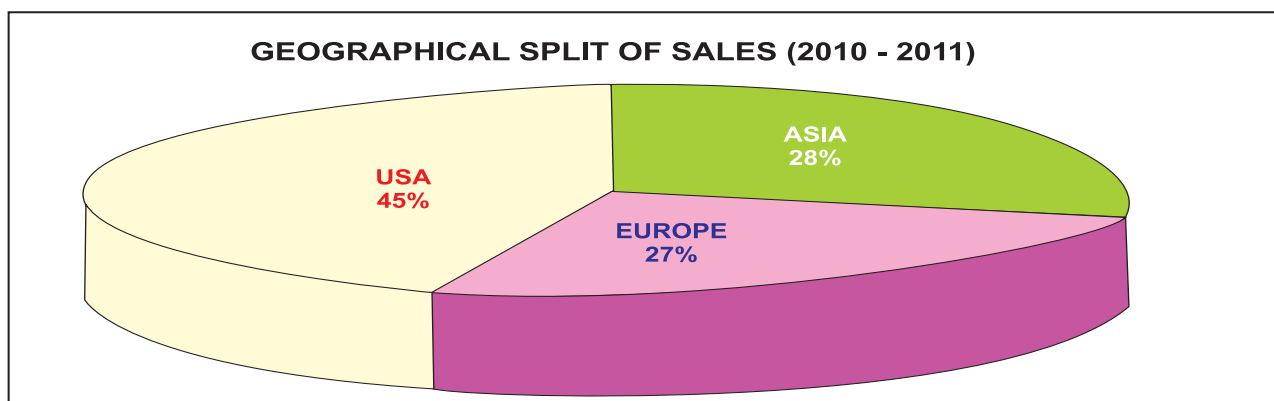
### **GLOBAL AUTOMOTIVE INDUSTRY**

As unprecedented in history was the crisis of 2008 and 2009, so was the recovery in Year 2010. The Global Automotive industry surpassed its previous best levels and the main driver for this was Asia and South America. The Automotive industry reached a record level of 76 million Cars and Commercial Vehicles in 2010. China and India showed a very dramatic increase in the Automotive production in 2010 as well.

Interestingly, the recovery of Giants like General Motors, Ford and Chrysler added to the advancement in application of newer Technology products and enabled to Supply Chain members also to participate in such Projects. It had become clear that those who survived the crisis have and will benefit in the coming years to take their Business forward .

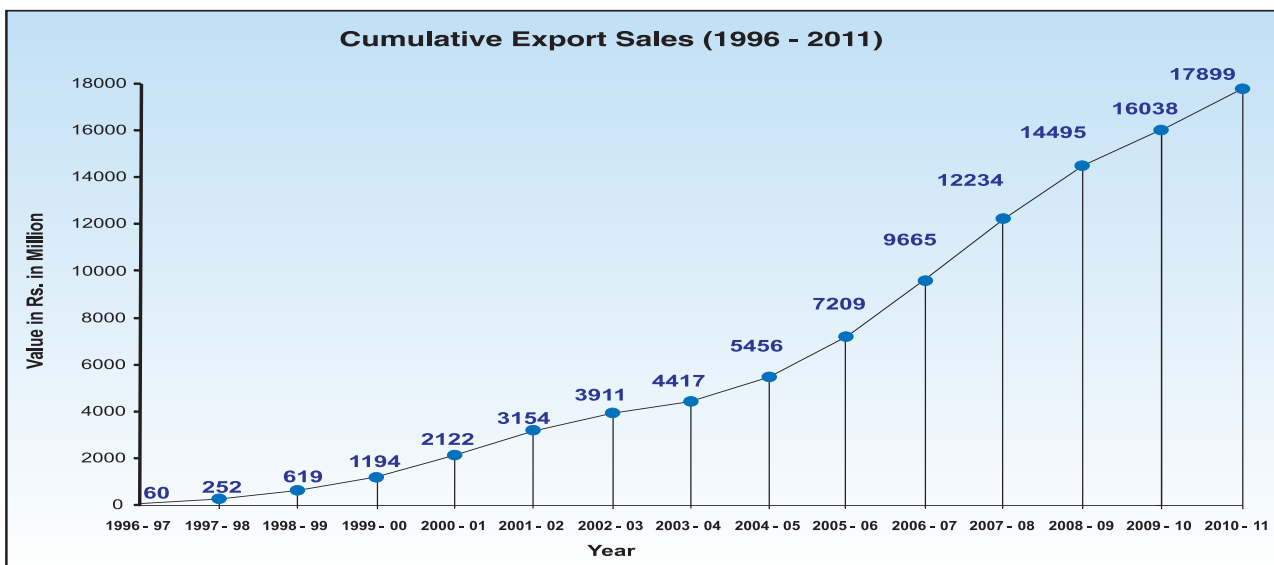
### **SHIFT IN MARKETS**

The Geographical split of sales of our Company during the period 2010-11 is represented in chart below. This is indicative of how our Company's sales are shifting in line with the market shift to Asia and, it will continue to do so.



### **EXPORTS' TRACK RECORD**

Your Company has populated over 367 Million pieces since inception in Global Automotive Component Industry valued at over 17899 Million as seen in the chart below :



# Igarashi Motors India Limited

## EXPERIENCES

Building upon the extreme experiences of the previous year, the Management has taken a very clear view that it is very important to stabilize on all Operational and Financial parameters before targeting major growth. It had become clear that the vacillations of the Market which the Company experienced in the last 5 years should provide a deeper direction for stabilized growth in the future.

Higher degree of certainty in all aspects should be built up and it is important to take up a limited Business, and do it well, while we strengthen ourselves financially, improve Bargaining Power with large Customers and Suppliers and improve our Operational Management.

The specific areas of Experiences are cited below :

### 1. Business:

Bosch was a very important customer who led our recovery and growth and Co-operative Functional teams were set up between Bosch and our Company which ensured both – Quality and Stability of Business.

The second major Project that took off was the USCAR project that we had been working with the US Car industry for many years.

On the Technology desk, we have some interesting projects related to Electric Motors and with the Financial Strengthening, we will address new projects as we go along.

Gradual take off on the projects with the Bosch Joint Venture also became visible and the next 3 years should see strong build up.

Overall on the forecast, the estimates are a lot more certain for better growth in the coming years.

### 2. Operational Profitability:

There is a sustained improvement in the operations and profitability as seen in the details given below and it is expected to continue in the coming year as well.

The comparative results are given below:

	<u>FY 2009-10</u> (Rs.in crores)	<u>FY 2010-11</u> (Rs.in crores)	<u>Growth</u> %
Sales	143.84	186.11	29%
EBIDTA	18.75	27.64	47%

### 3. Strategic Strengthening :

With the experience in the industry for the past 15 years, it had become clear that if we have to grow to become an important player in the Automotive/ Electric Motors Business, it is important to build Strategic Power, specifically with regard to Size, Scale and Financial Abilities.

During the year, very extensive discussions took place across all arms and relationships of our Company and after careful analysis, HBL Power Systems Limited decided to invest in our Company as a Strategic partner and take lead in the Ownership of the Company.



This was a very important prerequisite to capitalize on the tractions built. HBL Power Systems Limited – a leader in battery Technology and Electronics, invested into the Company with Expanded Capital and strengthened the Company's Financial Powers.

Between HBL and Igarashi, we are now a part of greater than 400 million US \$ Business Group and the positive effect of this on our Company will become visible in the periods to come.

Igarashi from Japan continued to support and banks and Institutions also took positive note of the changes that took place in the past 2 years.

#### **4. Future Business Outlook:**

As announced in the Open offer document during the coming year, the Company will initiate all actions to merge all the Indian Operations related to Electric Motors in one single entity and this Group is expected to generate revenues of over 100 million US \$ in 2 years and thereafter- look to doubling in the next 3 to 4 years.

#### **Risks & Concerns :**

##### **i) Global Auto Industry :**

Your Company is operating in Global Automotive Industry which went through its worst cycle in history during the 2008 and 2009 but bounced back to record levels in 2010. While your Company had to bleed during the down cycle, now we have built the necessary strengths to weather such cycle in a more stable manner. At a Broader level, some talks are launched with Non Automotive players who source Electric Motors.

The Product and Market Segment diversification is progressing well and in a couple of years we will see a right mix between Geographies and Product Segments.

##### **ii) Insurance :**

As your Company addresses Global Automotive Component Industry, it is exposed to various risks such as Fire Risk, Machinery Break Down Risk, Product Liability Risk, Marine Risk etc. Your Company regularly reviews and wherever possible, uses the instrument of insurance to mitigate these risks.

##### **iii) Interest rates:**

With interest rates going up, your Company's interest burden increased in absolute terms. Active dialogues are in progress to see if some of the borrowings can be substituted by Foreign Currency borrowing as there is a natural hedge.

##### **iv) Exchange Risk :**

Your Company is exposed to the fluctuations in foreign exchange rates on Exports and Imports. Since the Materials purchased are imported, there is an Auto hedge mechanism. However, based on the past experiences, the Company is quoting with a Currency variation factor to minimize further. At a broader level, the Company is developing markets in India so that the whole business is fairly derisked from Currency fluctuations.

## Igarashi Motors India Limited

### v) **Product Liability, Warranty Claims and Product Recall Risks :**

Your Company, being automotive component suppliers, faces the inherent business risk of exposure to warranty and product liability claims in the event that its products fail to perform as expected or such failure results in bodily injury or property damage. Though, your Company had insurance coverage, any claim in excess of available insurance coverage would have adverse effects on Company's business.

### **SEGMENT WISE/ PRODUCT WISE PERFORMANCE**

Your Company is engaged in the business of auto components for automobiles. Since, this is only one segment, hence there is no segment wise reporting.

### **INTERNAL CONTROL SYSTEMS & ADEQUACY**

Your Company has in place adequate systems of internal control and documented procedures covering all financial and operating functions. All the assets are safeguarded and protected and all transactions are recorded promptly. Internal Audit is carried out in a programmed way and follow up actions were taken for all audit observations.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES**

The measures taken during the period of economic recession as an opportunity rather than a crisis and providing Human Resource Leadership and Development helped in the building of the Organisation. A consequence of this was improved Quality of Business and Operations was progressively being built .

### **CAUTIONARY STATEMENT**

This report contains forward looking statements. All such statements are subject to risks and un-certainties. Actual results could differ materially from those expressed or implied.

For **Igarashi Motors India Limited**

Place : Chennai  
Date : July 28, 2011

**P. Mukund**  
Managing Director



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to adopt the best global practices of Corporate Governance. Corporate Governance envisages commitment of the company towards the attainment of high levels of transparency, accountability and equity with the ultimate objective of increasing long-term shareholders value, keeping in view the needs and interests of all other stakeholders.

Your Company also believes that good Corporate Governance makes good business sense. As such your company not only complies with all requirements of Corporate Governance laid by various bodies, but follows it in spirit also.

During the year ended 31st March, 2011, your Company had complied with the code provisions set out in the code of Corporate Governance Practices contained in the Appendix 14 of the Rules governing the Listing of Securities (the "Listing Rules") on NSE, BSE and MSE and we are in receipt of a certificate from MSE for good compliance during the entire year 2010-11.

### 2. COMPOSITION OF BOARD

As on 31st March, 2011 the Board of Directors comprised the Managing Director and 6 Non-Executive Directors.

During the year, Six Board Meetings were held on 20th May 2010, 22nd July 2010, 16th September 2010, 27th October 2010, 06th December 2010 and 29th January 2011. The Company's last Annual General Meeting was held on 16th September 2010.

The particulars of Directors, their attendance during the financial year 2010-2011 and also other Directorships and Board Committee Representations of Public Limited Companies are as under:

Name of Director & Designation	Category	Attendance		Other Board Representations*	
		Board Meetings	Last AGM	Director Ship	Committees \$
Mr. K.K. Nohria <i>Chairman</i>	Non-Executive Independent	5	Yes	10	5
Mr P.Mukund <i>Managing Director</i>	Executive	6	Yes	Nil	Nil
Mr. T. Igarashi	Non-Executive Non-Independent	3	No	Nil	Nil
Mr. K. Igarashi	Non-Executive Non-Independent	2	Yes	Nil	Nil
Mr. Keiichi Igarashi	Non-Executive Non-Independent	4	No	Nil	Nil
Mr. C.P. Dusad	Non-Executive Independent	6	Yes	Nil	Nil
Mr. G.N. Mani	Non-Executive Independent	6	Yes	1	1

\* Excluding Directorships in Private and Foreign Companies

\$ Includes Audit and Shareholders Grievances Committees of Public Limited Companies only

# Igarashi Motors India Limited

## INFORMATION ABOUT DIRECTORS RETIRING BY ROTATION SEEKING RE-APPOINTMENT

1. Mr. K.Igarashi, age 73 years old, is the worldwide Head of Igarashi Group as its President and has been in International business for over 4 decades from Japan. He was responsible for globalizing Igarashi and move towards China and India for operations and has built a Global Sales and Marketing infrastructure in USA, Europe and Far East.

Mr. K.Igarashi does not hold any shares in his individual name but Igarashi Electric Works Limited, Japan of which he is a promoter holds 9,67,648 shares in the Company as on 31st March 2011.

Mr. K.Igarashi does not hold any position in Public / Private Limited Companies in India.

Relationship with other Directors :

Mr. K.Igarashi is a father of Mr. Keiichi Igarashi and also Brother of Mr. T.Igarashi.

2. Mr. Keiichi Igarashi, age 45 years old, is a Director and Technical graduate from Japan has over 17 years of experience. He has worked intensely in the Quality Management in Matsushita, Japan before moving to Igarashi China. He is the Managing Director of Igarashi Japan & China and is responsible to Globalising Igarashi to the next level.

Mr.Keiichi Igarashi does not hold any shares in his individual name but Igarashi Electric Works (H.K.) Limited, Hong kong (Subsidiary of Igarashi Electric Works Limited, Japan) holds 2,499,993 shares in the Company as on 31st March 2011.

Relationship with other Directors:

Mr. Keiichi Igarashi is the Son of Mr. K.Igarashi.

3. Dr. A.J.Prasad, age 65 years old, is a Promoter Director. He is an Engineering graduate in Technology from IIT, Kharagpur and a Post Graduate in Management from MIT, USA and also a Doctorate in International Business from Columbia University, USA. He is the Chairman and Managing Director of HBL Power Systems Limited, Hyderabad. The Company is in the business of design, development and manufacture of specialized batteries and associated electronics. Dr.A.J.Prasad is the Head of HBL Group. He has over 33 years of experience in the field of specialized batteries.

Dr. A.J.Prasad does not hold any shares in his individual name but Agile Electric Drives Technologies and Holdings Private Limited (Subsidiary of HBL Power Systems Limited) in which he is a Director holds 12,824,225 shares in the Company as on March 31, 2011.

Relationship with other Directors:

Dr. A.J.Prasad is the father of Mrs. Kavita Prasad and father-inlaw of Mr. M.S.S.Srinath.

4. Mrs. Kavita Prasad, age 39 years old, is a Promoter Director. She is a Commerce graduate and a Post Graduate Diploma holder in Computer Applications. She is a Finance Director in HBL Power Systems Limited and has over 15 years experience in the Financial activities with specific focus on Export Market and operations of the Company.

Mrs. Kavita Prasad does not hold any shares in her individual name but Agile Electric Drives Technologies and Holdings Private Limited (Subsidiary of HBL Power Systems Limited) in which she is a Director holds 12,824,225 shares in the Company as on March 31, 2011.

Relationship with other Directors:

Mrs. Kavita Prasad is the daughter of Dr. A.J. Prasad and wife of Mr. M.S.S.Srinath.

5. Mr. M.S.S.Srinath, age 41 years old, is a Promoter Director. He is a Graduate in Arts with specialization in Economics. He is a Whole-time Director in HBL Power Systems Limited and has over 16 years experience in the Marketing activities and in-charge of overall administration of the Company.

Mr. M.S.S.Srinath does not hold any shares in his individual name but Agile Electric Drives Technologies and Holdings Private Limited (Subsidiary of HBL Power Systems Limited) in which he is a Director holds 12,824,225 shares in the Company as on March 31, 2011.

Relationship with other Directors:

Mr.M.S.S.Srinath is the husband of Mrs.Kavita Prasad and son-inlaw of Dr.A.J.Prasad.





6. Mr. Jacob Mathew, age 45 years old, is an Independent Director. He is a Civil Engineer and a Post Graduate Diploma Holder in Management from IIM, Calcutta. He is the Founder and Managing Director of MAPE Advisory Group which was started in the year 2001 with offices in Mumbai, Chennai and Bangalore. MAPE is the Investment Bank which is among the top 10 firms in the Bloomberg League Table for India. MAPE has worked with leading Corporates, viz., Dr. Reddy Labs, Ranbaxy, Wockhardt, ING Group, L&T, Indian Oil, Glenmark, CRISIL, ICICI Group, Godrej Group.

Mr. Jacob Mathew does not hold any shares in his individual capacity in the Capital of the Company.

### 3. AUDIT COMMITTEE

Particulars of the Audit Committee:

Sl. No.	Particulars	Details	
1.	Date of Formation	22nd October 2000	
2	No of Directors	4	
3.	Particulars of Members	Mr. C.P. Dusad (Chairman) Mr. G.N. Mani Mr. T. Igarashi Mr. K K Nohria Out of four Non-Executive Directors, three directors are also independent Directors.	
4.	No of Meetings held	During the financial year 2010-2011 meetings were held on 20th May 2010, 22nd July 2010, 27th October 2010 and 29th January 2011.	
5.	Meeting & Attendance During the Year	Name of the Director	No of Meetings Attended
		Mr. C.P. Dusad	4
		Mr. G.N. Mani	4
		Mr. T. Igarashi	3
		Mr. K.K. Nohria	3
6	Functions of the Audit Committee	<ul style="list-style-type: none"> <li>Review of Company's audited financial statements and reports</li> <li>Adequacy of Internal Audit Function and systems</li> <li>Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and the internal auditors and the fixation of audit fees</li> <li>Review of Compliance with Accounting standards</li> <li>To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors</li> <li>Review of Risk Management Policies and Practices</li> <li>Review financial statements in conformity with Generally Accepted Accounting Principles (GAAP)</li> <li>Review of Statutory Compliance</li> </ul>	

The Company Secretary Mrs. T.S.Maharani acts as the Secretary to the Committee.

During the year, besides the regular review of the financial reporting processes, financial statements, internal control systems of the company and compliance with regulatory guidelines, were reviewed. The committee held regular interaction with statutory Auditors and internal auditors to benefit from their professional perspective on the Company's Accounts.

# Igarashi Motors India Limited

## 4. REMUNERATION COMMITTEE & DIRECTORS' REMUNERATION

Although not mandatory in terms of the Listing agreement with the Stock Exchanges the Company has a Remuneration Committee comprising 3 Non-Executive & Independent Directors. Presently, the Committee comprises Mr. K.K.Nohria (Chairman), Mr. C. P. Dusad and Mr. G. N. Mani.

During the year, there was a Committee meeting held on 06th December, 2010.

### Managing Director:

Although the Listing Agreement and the Companies Act require the Remuneration Committee to only review the remuneration paid to the Managing Director, the Committee as part of its terms of reference, also reviews the remuneration of Senior Executives as and when they come for review.

The details of remuneration paid to the Managing Director for the financial year 2010-2011 is as under:

Name	Salary	Perquisites	Retirement Benefits	Performance Incentive/ Commission	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Mr. P. Mukund Managing Director</b>	48,00,000	23,04,585	-	-	-	71,04,585

During the year, the company has granted 4,83,000 Options under the ESOP Scheme to the Managing Director which shall be vested within a period of one year from the date of the Grant of option.

As required under the Provisions of the Companies Act, 1956, the Company has obtained Central Government Approval for increase in the Managing Director's Remuneration for one year period from 01.04.2010 to 31.03.2011 vide letter No.B05040407/5/2011-CL-VII dated 18.04.2011.

### Remuneration Policy:

Payment of remuneration to the Managing Director is governed by the resolution recommended by the Board and approved by the Shareholders. The remuneration structure comprises of salary, commission, perquisites and other allowances. The Independent Non-Executive Directors do not draw any remuneration from the company other than sitting fees.

The details of sitting fees paid to the Non-Executive Directors for the financial year 2010-2011 is as under:

Name of the Director	Sitting Fees Paid Rs.
Mr. K .K. Nohria	25,000
Mr. C.P. Dusad	30,000
Mr. G.N. Mani	30,000
<b>Total</b>	<b>85,000</b>

The Non Executive & Non Independent Directors viz. Mr. K. Igarashi, Mr. T. Igarashi and Mr. Keiichi Igarashi have not been paid any sitting fees. Independent Directors, Mr. K K Nohria holds 2,20,000 shares (1.08%), Mr. C P Dusad holds 1 share and Mr. G N Mani holds 601 shares in the Capital of the Company.

Mr. K Igarashi, Mr. T Igarashi and Mr. Keiichi Igarashi have not held any shares individually in the capital of the Company.



## 5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

Particulars of Shareholders' Committee:

Sl. No.	Particulars	Details	
1.	Date of Formation	22nd October 2000	
2	No of Directors	3	
3	Name & Designation of Compliance Officer	T.S.Maharani Company Secretary	
4.	Particulars of Members	Mr. G N Mani (Chairman) Mr. C P Dusad Mr. T Igarashi Out of three Non-Executive Directors, two directors are also independent Directors.	
5.	No of Meetings held	During the financial year 2010-2011 meetings were held on the 20th May 2010, 22rd July 2010, 27th October 2010 and 29th January 2011.	
6.	Meeting & Attendance During the Year	Name of the Director	No of Meetings Attended
		Mr. G N Mani	4
		Mr. C P Dusad	4
		Mr. T.Igarashi	3
7	Functions of the Shareholder's Committee	<ul style="list-style-type: none"> <li>❖ Review of Investor Redressal Report</li> <li>❖ Approval of Share Transfer &amp; Demat</li> <li>❖ Review of Secretarial MIS</li> </ul>	

During the year 2010-2011, the Company received nil complaints from the investors. As on 31st March 2011 there were no investor grievances pending and no transfer were pending for approval.

## 6. GENERAL BODY MEETINGS

A) Particulars of Annual General Meetings (AGM) held during last three years:

Financial year	Date	Venue	Time	Special Resolutions Passed
2009-10	16th September 2010	Music Academy, Mini Hall, 306, T.T.K Road, Chennai – 600 014.	3.00 P.M.	Raising of additional funds either by way of Qualified Institutional Buyers or by any other means
2008-09	30th September 2009	Music Academy, Mini Hall, 306, T.T.K Road, Chennai – 600 014.	4.00 P.M.	No Special Resolution
2007-08	26th September 2008	Music Academy, Mini Hall 306, T.T.K Road Chennai – 600014	10.00 A.M	i) De-listing of shares from the Madras Stock Exchange Limited ii) Re-setting of exercise price under ESOP Scheme 2006

## Igarashi Motors India Limited

- B) Details on Extra-ordinary General Meeting held during the year- None
- C) During the year 2010-11, pursuant to Section 192A of the Companies Act, 1956 the share holders of the company have approved the following resolutions by means of Postal Ballot on 08th January 2011.

Item No. 1: Special Resolution for Preferential Issue of Equity Shares to Select Group of Persons.

Item No. 2 : Special Resolution for Corporate Guarantee given to M/s.Sicom Limited, Mumbai

Item No. 3 : Special Resolution for Amendment to Employees Stock Option Scheme

Following is the result of the Postal ballot:

Sl. No.	Particulars	Item No. 1	Item No. 2	Item No. 3
1	Number of valid postal ballot forms received	220	220	220
2	Votes in favour of the Resolution (No. of Shares)	8653122	8655516	8669123
3	Votes against the Resolution (No. of Shares)	27879	24187	10579
4	Number of invalid Postal Ballot forms received	14	14	14

Shri. Swaminathan Ganesh, Senior Partner of S.Ganesh & Associates, Practicing Company Secretaries acted as a Scrutinizer for conducting the postal ballot in a fair and transparent manner.

### 7. DISCLOSURES

The Company has complied with all the requirements relating to related party transactions and the details were reported in Schedule 2 of the notes forming part of accounts.

The Company has complied with all requirements of the listing agreement with Stock Exchanges as well as the applicable Regulations and guidelines prescribed by SEBI. During the last three years, there were no penalties imposed on the Company by any statutory authorities for non-Compliance on any matter related to Capital Market.

The Non-Executive Directors have no material pecuniary relationship or transaction with the company in their personal capacity.

The Company has fully complied with the applicable mandatory requirements of Clause 49.

The Company adopted non Mandatory Item of constituting the Remuneration Committee not only review the remuneration paid to the Managing Director but also reviewing the remuneration of Senior Executives as and when they come for review.

The Company has no Subsidiary Company.

In preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.

### 8. WHISTLE BLOWER POLICY

We have established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud or violation of our code of conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism and also allows direct access to the Chairperson of the audit committee in exceptional cases. We further affirm that no employee has been denied access to the audit committee.



## 9. MEANS OF COMMUNICATION

During the year under reference, quarterly results were published in widely circulating national and local daily newspapers such as the Business Standard and Dina Malar. These were not sent individually to the shareholders. The quarterly and the annual results of the company are faxed to the stock exchanges on which the company's shares are listed, immediately of closure of meeting of the Board of Directors.

The management's discussion and analysis forms part of annual report.

## 10. GENERAL SHAREHOLDER INFORMATION

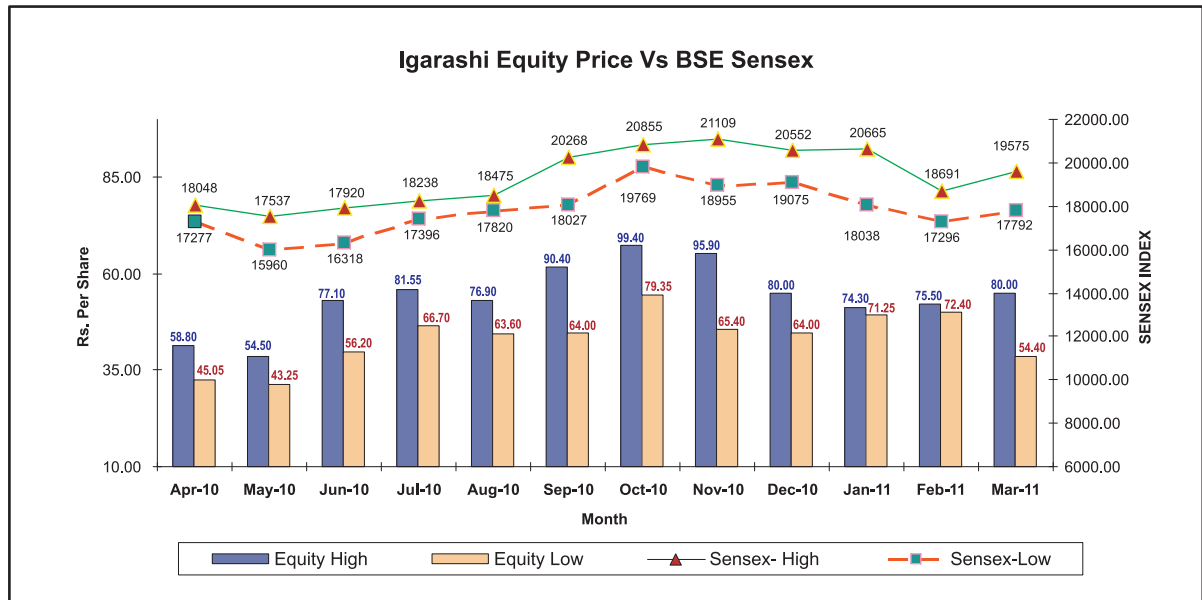
- i. Annual General Meeting
  - Date : 15th September, 2011 at 3.00 P.M.
  - Venue : Sathguru Gnanananda Hall, Narada Gana Sabha Trust Complex, Mini Hall, 314, T.T.K Road Chennai – 600018
- ii. Financial Calendar : 1st April to 31st March
  - a) First Quarter Results : 22nd July 2010
  - b) Second Quarter Results : 27th October 2010
  - c) Third Quarter Results : 29th January 2011
  - d) Last quarter Results and Annual Audited Results : 26th May 2011
- iii. Date of Book Closure : 12th September, 2011 to 15th September, 2011
- iv. Listing on Stock Exchanges : The Company's shares are listed on BSE, NSE & MSE but are effectively traded only on the Bombay Stock Exchange Limited and National Stock Exchange Limited
  1. The Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 023
  2. National Stock Exchange of India Limited (NSE)  
Exchange Plaza, 5th Floor  
G-Block, Bandra Kurla Complex  
Bandra(west), Mumbai – 400 051
  3. Madras Stock Exchange Limited (MSE)  
"Exchange Building", 11, Second Line Beach  
Post Box No.183, Chennai – 600 001
- v. Listing Fees : The Listing fee of all the stock exchanges for the year 2011-2012 has already been paid.
- vi. Stock Codes :

Sl. No	Name of Stock Exchange	Stock Code
1	National stock Exchange	IGARASHI
2	Mumbai Stock Exchange	517380
3	Madras Stock Exchange	CGIGAMOTR

# Igarashi Motors India Limited

## vii. International Securities

Identification Number (ISIN) : INE188B01013 (NSDL & CDSL)



## viii. Market Price Data:

Monthly highs and lows of market prices of the company's shares on Bombay Stock Exchange (BSE) & National Stock Exchange (NSE) during the year 2010-2011 :

### Equity Price

BSE		
Month	High (Rs.)	Low (Rs.)
April 2010	58.80	45.05
May 2010	54.50	43.25
June 2010	77.10	56.20
July 2010	81.55	66.70
August 2010	76.90	63.60
September 2010	90.40	64.00
October 2010	99.40	79.35
November 2010	95.90	65.40
December 2010	80.00	64.00
January 2011	74.30	71.25
February 2011	75.50	72.40
March 2011	80.00	54.40

NSE		
Month	High (Rs.)	Low (Rs.)
April 2010	59.00	45.40
May 2010	54.55	43.40
June 2010	78.85	56.50
July 2010	82.15	67.10
August 2010	75.00	63.00
September 2010	91.40	66.00
October 2010	99.75	79.50
November 2010	92.50	65.00
December 2010	81.00	64.95
January 2011	74.75	68.15
February 2011	77.00	71.10
March 2011	80.00	54.00

## ix. Registrar and Transfer Agents :

Cameo Corporate Services Limited  
 "Subramanian Building"  
 1, Club House Road  
 Chennai – 600 002  
 Phone :+ 91-44-28460390  
 Fax No.: +91-44-28460129  
 e-mail : cameo@cameoindia.com



x. Share Transfer System:

The Company's shares are in compulsory Dematerialization Segment. Transfers in physical form are registered within a period of 15 days from the date of receipt, provided the documents are complete and the shares under transfer are not in dispute. The share certificates duly endorsed are being immediately dispatched after effecting transfer. The total number of equity shares in physical form transferred during the year was 2,900.

A qualified practicing Company Secretary has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

xi. Distribution Schedule as on 31st March 2011

Category (Rs.)	No. of shareholders	% age	No. of shares	% age
Upto 5000	9243	89.69	1248422	6.13
5001 – 10000	585	5.67	492909	2.42
10001 – 20000	241	2.34	381573	1.87
20001 – 30000	75	0.73	189154	0.93
30001 – 40000	42	0.41	151927	0.75
40001 – 50000	40	0.39	190412	0.93
50001 – 100000	39	0.38	286907	1.41
100001 & above	40	0.39	17433078	85.56
Total	10305	100.00	20374382	100.00

xii. Shareholding Pattern as on 31st March 2011

Category	No. of Shares	% of holding
Promoters	1,28,24,225	62.94
Bodies Corporate	40,20,651	19.74
Indian Public		
a) Directors Holding	2,72,965	1.34
b) Public	32,56,541	15.98
Total	2,03,74,382	100.00

xiii. Top Ten Shareholding Pattern as on 31st March 2011

Sl. No.	Category	No. of Shares	% of holding
1	Agile Electric Drives Technologies and Holdings Private Ltd.	1,28,24,225	62.94
2	Igarashi Electric Works (H.K) Ltd.	24,99,993	12.27
3	Igarashi Electric works Ltd.	9,67,648	4.75
4	Mr. Kewal Krishan Nohria	2,20,000	1.08
5	Zen Securities Ltd.	1,11,009	0.54
6	Shree Capital Services Ltd.	68,500	0.34
7	Mr. P. Mukund	52,322	0.26
8	Mr. Jitendrakumar Phoolchand Arya	47,125	0.23
9	Mr. Kewal Kumar Vohra	45,237	0.22
10	Mr. Sharad Kanayalal Shah	43,560	0.21

## Igarashi Motors India Limited

xiv.	Dematerialization of shares	:	Over 98% of equity shares have been dematerialized up to 31 March 2011. Trading in your Company's shares is permitted only in the dematerialized form as per notifications issued by SEBI
xv.	Outstanding GDRs/ADRs/ Warrants or any convertible instruments	:	Not Applicable
xvi.	Plant Location	:	Plots B-12 – B –15,Phase II MEPZ-SEZ, Tambaram, Chennai - 600 045.
xvii.	Investor Correspondence	:	The Company Secretary Igarashi Motors India Ltd. Plots B-12 – B –15,Phase II MEPZ-SEZ, Tambaram, Chennai - 600 045. Phone No.: +91-44-42298199 Fax No. : +91-44-22628143 e-mail : investorservices@igarashimotors.co.in

### 11. Code of Conduct

The Company's Code of Conduct has been complied with by all the members of the Board and select employees of the Company.

The Company has in place a prevention of Insider Trading Code based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

### 12. Maintenance of a website

In order to ensure / enhance public dissemination of all basic information about the Company, it has been decided to maintain a functional website containing basic information about the Company with duly updated all statutory filings. Presently the website is under construction.

### 13. Declaration

As provided under the Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors and select employees have confirmed Compliance with the Code of Conduct.

For Igarashi Motors India Limited

Place : Chennai  
Date : July 28, 2011

**P. Mukund**  
Managing Director





#### **MANAGING DIRECTOR'S AND CHIEF FINANCIAL OFFICER'S CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Board of Directors,

Igarashi Motors India Limited

We have reviewed the financial statements and the cash flow statements of Igarashi Motors India Limited (the Company) for the financial year ended 31st March, 2011 and certify that :

- a. These statements, to the best of our knowledge and belief :
  - i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, there are no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, of which we are aware and the steps taken and proposed to be taken to rectify these deficiencies.
- d. We have also indicated to the auditors and the Audit committee:
  - (i) significant changes in the internal controls with respect to financial reporting during the year and the achievement of adequate internal controls within the Company's ERP systems;
  - (ii) significant changes in accounting policies during the year and these have been disclosed in the notes to the financial statements;
- e. To the best of our knowledge and belief, there are no instances of significant fraud involving either the Management or employees having a significant Role in the Company's internal control systems with respect to financial reporting.

Place : Chennai

Date : July 28, 2011

**P.MUKUND**

Managing Director

**R.CHANDRASEKARAN**

Head-Finance

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#### **AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To

The Members

Igarashi Motors India Limited,

We have examined the compliance of conditions of Corporate Governance by M/s Igarashi Motors India Limited for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing agreement entered into by the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Guarantee. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as per the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SHARP & TANNAN**  
Chartered Accountants  
ICAI Reg.No.003792S

**L.VAIDYANATHAN**

Partner

Membership No. 16368

Place : Chennai

Date : July 28, 2011

# Igarashi Motors India Limited

## AUDITORS' REPORT TO THE MEMBERS OF IGARASHI MOTORS INDIA LIMITED

We have audited the attached balance sheet of Igarashi Motors India Limited ("the Company") as at 31<sup>st</sup> March 2011, the profit and loss account and the cash flow statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
  - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) in our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the balance sheet, profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
  - e) on the basis of the written representations received from directors of the Company as at 31<sup>st</sup> March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, subject to Note 8(a) & 8(b) in schedule 2 regarding inter corporate loans and transactions covered under Sec.297 of the Companies Act, 1956 respectively, read together with the significant accounting policies in Schedule 1 and notes appearing in Schedule 2 thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011;
    - ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date;
    - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**SHARP & TANNAN**

Chartered Accountants  
ICAI Registration No.003792S

Place : Chennai  
Date : May 26, 2011

**L. Vaidyanathan**  
Partner  
Membership No. 16368



## **Annexure to the Auditors' Report**

(Referred to in Paragraph 1 of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of all fixed assets.
- (b) We are informed that the Company has physically verified during the year all its fixed assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) As per the information given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
- (iii) (a) During the year, the Company has granted unsecured loan to one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rupees Nine Crores and the balance of loans granted to the Company as at the end of the year is Rupees Nine Crores.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for the loan are prima facie not prejudicial to the interest of the Company.
- (c) The receipt of the principal amount and interest has been regular.
- (d) There is no overdue amount more than rupees one lakh of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956
- (e) During the year, the Company has taken unsecured loan from one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rupees Sixteen Crores and the balance of loans taken from the Company as at the end of the year is Rupee Nil.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for the loan taken are prima facie not prejudicial to the interest of the Company.
- (g) The repayment of the principal amount and interest has been regular.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.

## Igarashi Motors India Limited

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at the prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) The Company has not accepted any deposit from the public with in the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of electrical motors and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Custom Duty, Excise Duty, cess and any other material statutory dues during the year with the appropriate authorities. As at 31st March 2011, there were no undisputed amounts payable for more than six months from the date from which they became payable.
- (b) According to the information and explanation given to us and the records of the Company examined by us, the particulars of income tax as at 31st March 2011 which has not been deposited on account of dispute pending is as under:

Rs. in Lakhs					
Name of the statute	Nature of disputed dues	Total Demand	Amount not deposited	Period to which the dispute relates	Forum where disputes are pending
Income Tax Act, 1961	Re-computation of Section 10(A) exemption	0.05	0.05	Assessment Year 2003-04	Commissioner (Appeals)
Income Tax Act, 1961	Disallowance of Brought forward losses (Amount deposited Rs.58.31 lakhs)	64.31	6.00	Assessment Year 2004-05	Commissioner (Appeals)

There are no dues of Customs Duty, Excise Duty, Sales tax and cess, which have not been deposited on account of any dispute.



- (x) The Company's accumulated losses at the end of the financial year are less than fifty percent of its net-worth and it has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other securities.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) The Company has made preferential allotment of shares to a party covered in the register maintained under section 301 of the Companies Act, 1956 during the year. In our opinion and according to the information and explanations given to us, we report that the price at which the shares have been issued are not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the year and accordingly, no security or charge needs to be created.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books and the records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**SHARP & TANNAN**

Chartered Accountants

ICAI Registration No.003792S

Place: Chennai

Date : May 26, 2011

**L. Vaidyanathan**

Partner

Membership No. 16368

# Igarashi Motors India Limited

## BALANCE SHEET AS AT MARCH 31, 2011 Schedule

		As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	<b>A</b>	203,743,820	138,743,820
Reserves and surplus	<b>B</b>	814,344,940	383,394,940
		<b>1,018,088,760</b>	522,138,760
Employee stock options outstanding		20,197,500	-
Less: Deferred employee compensation expenses		12,007,829	-
		<b>8,189,671</b>	-
<b>Loan Funds</b>			
Secured loans	<b>C</b>	578,235,421	691,721,447
Unsecured loans	<b>D</b>	29,811,851	11,000,000
		<b>608,047,272</b>	702,721,447
<b>Deferred tax liability</b>		<b>88,692,669</b>	93,394,360
(Refer Note No.22 in Schedule 2)			
		<b>1,723,018,372</b>	<b>1,318,254,567</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
	<b>E(i)</b>		
Gross block		1,291,075,590	1,165,039,613
Less : Depreciation		448,839,221	367,995,106
Net block		842,236,369	797,044,507
Capital work-in-progress		18,704,977	12,504,243
		<b>860,941,346</b>	809,548,750
<b>Intangible Assets</b>			
	<b>E(ii)</b>		
Gross block		53,429,466	54,983,299
Less : Amortisation and obsolescence		39,779,112	33,197,559
Net block		13,650,354	21,785,740
Capital work-in-progress		10,112,867	25,628,356
		<b>23,763,221</b>	47,414,096
<b>Investments</b>	<b>F</b>	<b>286,164,900</b>	143,300,000
<b>Deferred tax asset</b>		<b>1,190,759</b>	723,889
(Refer Note No.22 in Schedule 2)			
<b>Current Assets, Loans and Advances</b>	<b>G</b>		
Inventories		182,250,055	136,488,697
Sundry debtors		300,562,188	227,074,809
Cash and bank balances		55,247,043	30,177,810
Loans and advances		339,637,986	168,727,833
		<b>877,697,272</b>	562,469,149
<b>Less: Current Liabilities and Provisions</b>	<b>H</b>		
Current liabilities		508,464,374	505,788,942
Provisions		10,762,144	7,735,283
		<b>519,226,518</b>	513,524,225
Net current assets		<b>358,470,754</b>	48,944,924
Profit and loss account		<b>192,487,392</b>	268,322,908
		<b>1,723,018,372</b>	<b>1,318,254,567</b>
Significant accounting policies	<b>1</b>		
Notes on accounts	<b>2</b>		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report attached  
**SHARP & TANNAN**  
Chartered Accountants  
ICAI Registration No.003792S

**P. MUKUND**  
Managing Director

**K.K. NOHRIA**  
Chairman

**K. IGARASHI**  
**C.P. DUSAD**  
**G.N. MANI**

**L. VAIDYANATHAN**  
Partner  
Membership No. 16368  
Place : Chennai  
Date : May 26, 2011

**R. CHANDRASEKARAN**  
Head-Finance

**T.S. MAHARANI**  
Company Secretary  
Membership No. 16992

**T. IGARASHI**  
**KEIICHI IGARASHI**  
Directors



# **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	2010-2011	2009- 2010
		Rupees	Rupees
<b>INCOME</b>			
Sales	I	1,972,123,795	1,587,054,895
Other income	J	4,083,680	5,423,383
		<b>1,976,207,475</b>	<b>1,592,478,278</b>
<b>EXPENDITURE</b>			
Materials, Manufacturing and Trading expenses	K	1,534,039,668	1,261,949,468
Staff expenses	L	87,501,925	72,097,612
Selling and Administration expenses	M	78,290,964	70,885,799
Interest and commitment charges	N	100,381,774	85,115,344
Depreciation, Amortisation and Obsolescence	O	105,326,189	64,805,066
		<b>1,905,540,520</b>	<b>1,554,853,289</b>
Profit before tax		<b>70,666,955</b>	<b>37,624,989</b>
<b>Tax Expense</b>			
Deferred Tax (Refer Note No. 22 in Schedule 2)		(5,168,561)	10,350,342
Profit after tax		<b>75,835,516</b>	<b>27,274,647</b>
Add: Balance brought forward from previous year		(268,322,908)	(295,597,555)
Balance carried to Balance Sheet		<b>(192,487,392)</b>	<b>(268,322,908)</b>
Basic Earnings Per Share		<b>5.04</b>	<b>1.97</b>
Diluted Earnings Per Share (Refer Note No.21 in Schedule 2)		<b>4.92</b>	<b>1.97</b>
Face Value Per Equity Share		<b>10.00</b>	<b>10.00</b>
Significant accounting policies	1		
Notes on accounts	2		

The schedules referred to above form an integral part of the Profit & Loss Account.

As per our report attached  
**SHARP & TANNAN**  
Chartered Accountants  
ICAI Registration No.003792S

**L. VAIDYANATHAN**  
Partner  
Membership No. 16368  
Place : Chennai  
Date : May 26, 2011

**P. MUKUND**  
Managing Director

**R. CHANDRASEKARAN**  
Head-Finance

**K.K. NOHRIA**  
Chairman

**T.S. MAHARANI**  
Company Secretary  
Membership No. 16992

**K. IGARASHI**  
**C.P. DUSAD**  
**G.N. MANI**  
**T. IGARASHI**  
**KEIICHI IGARASHI**  
Directors



# Igarashi Motors India Limited

## SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
<b>SCHEDULE A</b>		
<b>Share Capital</b>		
<b>Authorised capital :</b>		
22,000,000 Equity shares of Rs 10/- each	<u>220,000,000</u>	<u>220,000,000</u>
(Previous year 22,000,000 equity shares of Rs.10/- each)		
<b>Issued, subscribed and paid up:</b>		
20,374,382 Equity shares of Rs 10/- each fully paid up	<u>203,743,820</u>	<u>138,743,820</u>
(Previous year 13,874,382 shares of Rs.10/- each fully paid up)		
(Out of the above 12,824,225 equity shares of Rs.10/- each are held by the holding company - Agile Electric Drives Technologies and Holdings Private Limited.)		
(Refer Note No.25(a) in Schedule 2)		
<b>SCHEDULE B</b>		
<b>Reserves and Surplus</b>		
Securities premium account		
As per last Balance Sheet	<u>383,394,940</u>	<u>383,394,940</u>
Addition during the year	<u>430,950,000</u>	<u>-</u>
(Refer Note No. 25(a) in Schedule 2)	<u>814,344,940</u>	<u>383,394,940</u>
<b>SCHEDULE C</b>		
<b>Secured Loans:</b>		
From banks		
(i) Term loan	<u>151,815,411</u>	<u>192,017,632</u>
(ii) (a) Working Capital Term Loan	<u>304,397,055</u>	<u>350,479,486</u>
(b) Working Capital Loan (Packing Credit/Buyers Credit)	<u>120,514,563</u>	<u>149,224,329</u>
(iii) Vehicle Loan	<u>1,508,392</u>	<u>-</u>
(i) Term loans from banks are secured by first charge on fixed assets of the company, present and future		
(ii) (a) & (b) Working Capital Term Loan and Working capital loans from banks are secured by charge on all current assets of the company, present and future and by second charge over residual value of movable fixed assets of the company after term loan. The charge also extends to bills discounted amounting to Rs. 83,406,368/- (Previous year Rs. 104,376,085/-)		
(iii) Vehicle loan is secured by the hypothecation of the related vehicles		
	<u>578,235,421</u>	<u>691,721,447</u>
<b>SCHEDULE D</b>		
<b>Unsecured Loans:</b>		
Term Loan from Banks	<u>-</u>	<u>11,000,000</u>
Lease Finance	<u>29,811,851</u>	<u>-</u>
(Refer Note No.18(a) in Schedule 2)	<u>29,811,851</u>	<u>11,000,000</u>



# SCHEDULES FORMING PART OF ACCOUNTS

## SCHEDULE E

### Fixed Assets

(All figures in Rupees)

Schedule E (i) Tangible Assets									
Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Upto 31.03.2010	For the Year	On Deductions	Upto 31.03.2011	As at 31.03.2011 As at 31.03.2010
<b>Tangible Assets</b>									
Buildings (Refer Note No.17 in Schedule 2)	159,983,478	5,483,485	-	165,466,963	24,116,505	4,818,795	-	28,935,300	136,531,663 135,866,973
Plant & equipment	966,750,831	128,203,984	8,854,109	1,086,100,706	327,346,380	79,321,913	3,514,664	403,153,629	682,947,077 639,404,451
Furnitures & fixtures	32,764,080	2,032,513	299,016	34,497,577	12,473,568	2,308,099	109,143	14,672,524	19,825,053 20,290,512
Vehicles	5,541,224	2,007,690	2,538,570	5,010,344	4,058,653	405,470	2,386,355	2,077,768	2,932,576 1,482,571
<b>Total Tangible Assets</b>	1,165,039,613	137,727,672	11,691,695	1,291,075,590	367,995,106	86,854,277	6,010,162	448,839,221	842,236,369 797,044,507
Capital work in progress	12,504,243	18,704,977	12,504,243	18,704,977	-	-	-	-	18,704,977 12,504,243
<b>GRAND TOTAL</b>	1,177,543,856	156,432,649	24,195,938	1,309,780,567	367,995,106	86,854,277	6,010,162	448,839,221	860,941,346 -
Previous year	1,133,052,124	48,261,408	16,273,919	1,165,039,613	315,968,911	54,147,172	2,120,977	367,995,106	- 809,548,750

(All figures in Rupees)

Schedule E (ii) Intangible Assets									
Particulars	COST			AMORTISATION				BOOK VALUE	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Upto 31.03.2010	For the Year	On Deductions	Upto 31.03.2011	As at 31.03.2011 As at 31.03.2010
<b>Intangible Assets</b>									
Product Development Expenses	54,983,299	10,336,526	11,890,359	53,429,466	33,197,559	10,599,634	4,018,081	39,779,112	13,650,354 21,785,740
<b>Total Intangible Assets</b>	54,983,299	10,336,526	11,890,359	53,429,466	33,197,559	10,599,634	4,018,081	39,779,112	13,650,354 21,785,740
Capital work in progress (Refer Note No.27(a) in Schedule 2)	25,628,356	523,999	16,039,488	10,112,867	-	-	-	-	10,112,867 25,628,356
<b>GRAND TOTAL</b>	80,611,655	10,860,525	27,929,847	63,542,333	33,197,559	10,599,634	4,018,081	39,779,112	23,763,221 -
Previous year	55,202,025	819,395	1,038,121	54,983,299	22,539,665	10,657,894	-	33,197,559	- 47,414,096



# Igarashi Motors India Limited

## SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
<b>SCHEDULE F</b>		
<b>INVESTMENTS</b> (at cost unless otherwise specified):		
Long Term, Unquoted Trade Investments		
Fully paid equity shares of other Companies:		
(a) IJT Plastics & Tools Private Limited	-	74,300,000
(7,430,000 Equity Shares of Rs. 10/- each)		
(Refer Note No. 26 (a) in Schedule 2)		
(b) Agile Electric Sub Assembly Private Limited	74,300,000	-
(2,451,900 Equity Shares of Rs. 10/- each)		
(Refer Note No. 26 (a) in Schedule 2)		
Fully paid equity shares in Associate:		
Bosch Electrical Drives India Private Limited	211,864,900	69,000,000
(21,18,649 Equity Shares of Rs. 100/- each, fully paid up)		
(14,28,649 Equity Shares of Rs. 100/- each subscribed during the year)		
(Refer Note No. 26 (c) in Schedule 2)		
Total	<b>286,164,900</b>	<b>143,300,000</b>



## SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2011		As at 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE G</b>				
<b>Current Assets, Loans and Advances</b>				
<b>Inventories :</b>				
(at lower of cost and net realisable value )				
Raw materials and components	140,258,746		91,652,652	
Stores and spares	21,493,320		24,710,970	
Work-in-progress	15,436,327		12,524,196	
Finished goods	5,061,662		7,600,879	
		182,250,055		136,488,697
<b>Sundry debtors:</b>				
<b>Unsecured</b>				
Debts outstanding for more than six months				
Considered good	2,589,789		3,895,095	
Other debts				
Considered good	297,972,399		223,179,714	
		300,562,188		227,074,809
<b>Cash and bank balances :</b>				
Cash-on-hand	-		-	
Balance with scheduled banks:				
on current account	27,484,011		12,626,341	
on deposit accounts {including interest accrued thereon Rs. 436,039/- (previous year Rs. 253,535/-)}	27,763,032		17,551,469	
(Refer Note No. 7 in Schedule 2)		55,247,043		30,177,810
<b>Loans and Advances</b>				
<b>Unsecured, considered good:</b>				
Inter-Corporate deposit	90,078,904		-	
(Including interest accrued thereon Rs.78,904/-)				
(Refer Note No.8(a) in Schedule 2)				
Advances recoverable in cash or in kind or for value to be received	248,484,398		167,543,091	
Balance with customs and excise	1,074,684		1,184,742	
		339,637,986		168,727,833
		877,697,272		562,469,149

# Igarashi Motors India Limited

## SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2011		As at 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE H</b>				
<b>Current Liabilities and Provisions</b>				
<b>Liabilities :</b>				
Sundry creditors				
Due to micro and small enterprises	-		-	
Unpaid dividend	1,072,552		1,419,313	
Interest accrued but not due on loans	376,548		165,123	
Advance received from customers	107,132,791		-	
Due to fellow subsidiary	49,865,004		13,600,881	
Other than micro and small enterprises	350,017,479		490,603,625	
		508,464,374		505,788,942
<b>Provisions for :</b>				
Taxes (earlier years)	7,735,283		7,735,283	
Gratuity	3,026,861		-	
(Refer Note No. 24 in Schedule 2)				
Leave encashment	-		-	
(Refer Note No. 24 in Schedule 2)				
		10,762,144		7,735,283
		<u>519,226,518</u>		<u>513,524,225</u>

	2010 - 2011		2009 - 2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE I</b>				
<b>Sales</b>				
Manufacturing Sales (Gross)				
Exports		1,854,896,377		1,393,446,593
Domestic	7,405,422		52,634,502	
Less:Excise Duty	1,179,385		7,718,580	
		6,226,037		44,915,922
Manufacturing Sales (Net)		1,861,122,414		1,438,362,515
Trading Sales - Deemed exports		111,001,381		148,692,380
		<u>1,972,123,795</u>		<u>1,587,054,895</u>

<b>SCHEDULE J</b>				
<b>Other Income</b>				
Interest income		1,487,604		296,478
(Tax deducted at source Rs. 150,360/- previous year Rs.50,707/-)				
Profit on sale of fixed assets		186,551		644,241
Service income		-		2,250,000
Scrap sales - other than manufacturing related		2,409,525		2,232,664
		<u>4,083,680</u>		<u>5,423,383</u>



## SCHEDULES FORMING PART OF ACCOUNTS

	2010 - 2011		2009 - 2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE K</b>				
<b>Material, Manufacturing and Trading Expenses</b>				
<b>Raw materials and components consumed:</b>				
Opening stock	91,652,652		88,671,336	
Add: Purchases	1,299,519,832		968,117,754	
	<u>1,391,172,484</u>		<u>1,056,789,090</u>	
Less : Closing stock	<u>140,258,746</u>		<u>91,652,652</u>	
		1,250,913,738		965,136,438
Less: Scrap sales		<u>27,171,958</u>		<u>19,710,197</u>
		<u>1,223,741,780</u>		<u>945,426,241</u>
<b>Add: (Increase) / Decrease in manufactured stocks:</b>				
Closing stock :				
Finished goods	5,061,662		7,600,879	
Work-in-progress	15,436,327		12,524,196	
	<u>20,497,989</u>		<u>20,125,075</u>	
Less: Opening stock :				
Finished goods	7,600,879		25,274,818	
Work-in-progress	12,524,196		16,263,457	
	<u>20,125,075</u>		<u>41,538,275</u>	
		(372,914)		21,413,200
		<u>1,223,368,866</u>		<u>966,839,441</u>
Purchase of trading goods		108,370,817		146,554,737
<b>Stores and spares:</b>				
Opening stock	24,710,970		28,889,003	
Add: Purchases	55,187,152		46,213,533	
	<u>79,898,122</u>		<u>75,102,536</u>	
Less : Closing stock	<u>21,493,320</u>		<u>24,710,970</u>	
		58,404,802		50,391,566
Direct Expenses		84,441,439		56,516,037
Power and fuel		27,103,036		18,681,747
Repairs to				
Plant & machinery	29,514,172		21,660,248	
Building	<u>2,836,536</u>		<u>1,305,692</u>	
		<u>32,350,708</u>		<u>22,965,940</u>
		<u>1,534,039,668</u>		<u>1,261,949,468</u>

# Igarashi Motors India Limited

## SCHEDULES FORMING PART OF ACCOUNTS

	2010 - 2011 Rupees	2009 - 2010 Rupees
<b>SCHEDULE L</b>		
<b>Staff Expenses</b>		
Salaries, wages and bonus	64,677,592	52,330,854
Contribution to Provident Fund, Gratuity Fund and Leave Encashment	5,865,861	3,034,451
Welfare and other expenses	16,958,472	16,732,307
	<u>87,501,925</u>	<u>72,097,612</u>
<b>SCHEDULE M</b>		
<b>Selling and Administration Expenses</b>		
Rent	2,561,099	3,444,847
Rates, taxes and fees	2,212,575	1,391,359
Insurance	4,756,687	3,242,995
Travel and conveyance	18,879,523	13,001,911
Telephone, postage and telegrams	1,889,360	2,054,609
Recruitment and training	314,775	612,855
Printing and stationery	2,169,448	1,823,390
Professional charges	7,230,996	7,143,010
Selling and forwarding expenses	7,173,912	11,622,824
Repairs and maintenance -others	7,952,195	8,271,579
Bank charges	18,033,095	11,683,408
Miscellaneous expenses	5,117,299	6,593,012
	<u>78,290,964</u>	<u>70,885,799</u>
<b>SCHEDULE N</b>		
<b>Interest and Commitment charges</b>		
On fixed loans	41,543,658	37,055,502
On working capital loans	46,001,634	39,952,608
Others	12,836,482	8,107,234
	<u>100,381,774</u>	<u>85,115,344</u>
<b>SCHEDULE O</b>		
<b>Depreciation, Amortisation and Obsolescence</b>		
Depreciation	86,854,277	54,147,172
Amortisation	10,599,634	10,657,894
Obsolescence	7,872,278	-
(Refer Note No.27 (b) in Schedule 2)	<u>105,326,189</u>	<u>64,805,066</u>



## **SCHEDULES FORMING PART OF ACCOUNTS**

### **SCHEDULE 1**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **1. BASIS OF PRESENTATION**

The Accounts have been prepared under the historical cost convention and on the basis of going concern, with revenues recognized and expenses accounted on accrual basis, including for committed obligations and is in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government. Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

The preparation of financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

##### **2. REVENUE RECOGNITION**

Revenue is recognized based on nature of activity when consideration can be reliably measured and there exists reasonable certainty of its recovery.

- a) Revenue from sale of products is recognised when all the significant risks and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and acceptance. Sales include excise duty and adjustments made towards liquidated damages and price variation, wherever applicable. Sales exclude value added tax / sales tax, brokerage and commission.
- b) Interest income is accrued at applicable interest rates.
- c) Other items of income are accounted as and when the right to receive arises.

##### **3. FIXED ASSETS**

Fixed assets are stated at original cost net of tax/ duty credits availed, if any, less accumulated depreciation, accumulated amortisation and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to acquisition of fixed assets or bringing fixed assets to working condition are allocated and capitalized as part of cost of the fixed assets.

##### **4. IMPAIRMENT**

As at each Balance Sheet date, the carrying amount of asset is tested for impairment so as to determine:

- a) the provision for impairment loss, if any; and
- b) the reversal of impairment loss recognized in previous periods, if any impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

##### **5. INVENTORIES**

Inventories are valued after providing for obsolescence as under:

Raw materials and Components	: At lower of weighted average cost and net realizable value.
Packing Materials and spares	: At lower of weighted average cost and net realizable value.
Work-in-progress	: At lower of material cost including appropriate production overheads and net realisable value.
Finished goods	: At lower of weighted average cost or Net realizable value. Cost includes related overheads

## SCHEDULES FORMING PART OF ACCOUNTS

### 6. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions relating to purchase and sale of goods are recorded at the exchange rate prevailing at the time of transaction. Foreign currency assets and liabilities are converted at the year-end rate. Exchange differences are adjusted in the profit and loss account.

### 7. EMPLOYEE BENEFITS

#### a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia, are recognized in the period in which the employee renders the related service.

#### b) Post-employment benefits:

i. Defined contribution plans: The Company's state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

ii. Defined benefit plans: The Company's obligation towards gratuity is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses are recognized immediately in the Profit and Loss Account, and gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

#### c) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

### 8. EMPLOYEE STOCK OPTION SCHEME

In respect of stock options granted pursuant to the Company's stock option schemes, the intrinsic value of the options (excess of market price of the share over the exercise price of the option), is treated as discount and accounted as employee compensation cost over the vesting period.

### 9. DEPRECIATION

Depreciation on assets including building constructed on leased land is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except in respect of tools & welfare assets used by the employees, which are being depreciated at the rate of 20% on straight-line method. Assets costing less than Rs. 5,000/- are depreciated fully in the year of purchase.

Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

### 10. TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.





## **SCHEDULES FORMING PART OF ACCOUNTS**

Deferred tax assets relating to unabsorbed depreciation/business losses are recognized and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### **11. INTANGIBLE ASSETS AND AMORTISATION**

Intangible Asset is recognized when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Product Development expenses on new products are capitalized under 'Intangible Assets' and are amortized over a period of 60 months from the date of commencement of commercial production.

Amortisation on impaired assets is adjusted in the future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

### **12. LEASES**

#### **a) Finance Leases**

Assets acquired under leases where the Company has substantially all the significant risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

#### **b) Operating Leases**

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to Profit and Loss Account on accrual basis.

### **13. INVESTMENTS**

Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is of other than temporary in nature.

Current investments are carried at lower of cost or market value. The determination of carrying value of such investments is done on the basis of specific identification.

### **14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- (a) the company has a present obligation as a result of a past event,
- (b) a probable outflow of resources is expected to settle the obligation and
- (c) the amount of obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- (a) present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- (b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

# Igarashi Motors India Limited

## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
1. Estimated amount of contracts remaining to be executed on capital account net of advances of Rs. 17,816,291 (Previous year Rs. NIL)	140,705,846	1,451,981
2. Contingent Liabilities :		
a) Bills discounted	83,406,368	104,376,085
b) Income Tax liability that may arise in respect of matters on appeal	10,164,183	8,360,134
c) Guarantees given on behalf of fellow subsidiary company	409,244,243	348,001,343
d) ESI Demand on dues for trainees	2,434,404	-
	2010-11 (Rupees)	2009-10 (Rupees)
3. Auditor's remuneration and expenses charged to the accounts:		
Audit fees	600,000	450,000
Tax Audit fees	50,000	50,000
Certification	82,000	71,000
Expenses reimbursed	23,541	11,533
4. Value of imports (on C.I.F.basis):		
Raw material (includes SEZ purchases of Rs.3,629,557 previous year Rs.24,950,875)	195,526,470	148,336,802
Components, stores & spares (includes SEZ purchase of Rs.248,001,793 previous year Rs.235,971,970)	984,088,128	808,809,397
Capital goods (includes SEZ purchase of Rs.92,138,617 previous year Rs.16,960,319)	117,034,438	17,972,833
5. Expenditure in foreign currency		
Foreign travel	1,181,438	1,094,988
Sub-contract charges	646,956	400,296
Freight charges	-	1,109,456
6. Earnings in foreign currency:		
FOB Value of Exports *	1,850,435,327	1,541,955,734
* Includes Deemed Exports of Rs.209,482,100 (Previous year 312,899,156)		



## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

7. Deposit accounts with banks under cash and bank balances in Schedule G includes margin money deposit of Rs. 26,065,340/-(previous year Rs. 15,882,115/-), fixed deposit of Rs. 12,07,183/-(previous year Rs.11,33,747/-) and Rs.6,021/-(previous year Rs.6,021/-) pledged as security with sales tax department.
8. (a). In respect of Inter corporate deposit of Rs. 900,00,000 the Company has not obtained prior approval of the Central Government as required under section 295 of the Companies Act, 1956. The Company is taking necessary steps to regularise the matter and application is also being made to the Central Government.
- (b). The Company has not obtained prior approval of the Central Government for transactions entered into with another company covered under Sec. 297 of the Companies Act, 1956. The Company is taking necessary steps to regularise the matter and application is also being made to the Central Government.

9. Details of licensed and installed capacities, production, stocks and turnover

	Units	Electric Micro Motor		Others	
		2010-11	2009-10	2010-11	2009-10
Licensed Capacity	Nos	NA	NA	NA	NA
Installed Capacity	Nos	13,000,000	9,000,000	-	-
Production	Nos	11,419,701	7,854,211	13,914,226	11,190,807
Opening Stock	Nos	182,027	356,247	470	1,580
	Rupees	7,462,147	25,156,400	138,732	118,418
Closing Stock	Nos	188,255	182,027	1,422	470
	Rupees	4,994,648	7,462,147	67,014	138,732
Turnover	Nos	11,413,473	8,028,431	13,913,274	11,191,917
	Rupees	1,645,511,345	1,228,574,733	215,611,069	209,787,783

Others : Turnover includes sale of Drawn parts, sub assembly and actuators.

- 10 Details of Trading purchase, Turnover for 2010-11.

Amount in Rs.

Particulars	Opening Stock	Purchases	Closing Stock	Turnover
2010-11				
Raw material/Components / Parts	Nil	108,370,817	Nil	111,001,381
<b>Total</b>		<b>108,370,817</b>		<b>111,001,381</b>
2009-10				
Raw material/Components / Parts	Nil	146,554,737	Nil	148,692,380
<b>Total</b>		<b>146,554,737</b>		<b>148,692,380</b>

# Igarashi Motors India Limited

## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

#### 11. (a) Raw materials and components consumed

Particulars	Unit	2010-2011		2009-2010	
		Quantity	Value (Rs)	Quantity	Value (Rs)
Ferrous	Kgs	3,829,058	178,238,557	2,881,443	124,287,249
Non-ferrous	Kgs	246,193	84,449,975	131,843	49,511,632
Others		-	961,053,248	-	771,627,360
Total			1,223,741,780		945,426,241

#### (b) Analysis of Raw materials and components consumed

Particulars	2010-2011		2009-2010	
	% of total consumption	Value (Rs.)	% of total consumption	Value (Rs.)
Imported	87%	1,065,363,645	89%	837,764,399
Indigenous	13%	158,378,135	11%	107,661,842
Total	100%	1,223,741,780	100%	945,426,241

#### 12. Directors Remuneration

2010-11  
(Rupees)

2009-10  
(Rupees)

Computation of net profits in accordance with Section 349 of the Companies Act, 1956.

Profit/(Loss) as per Profit & Loss Account	70,666,955	37,624,989
Add: Depreciation charged in accounts	105,326,189	64,805,066
Directors emoluments		
Managing Director	7,104,585	3,833,465
Sitting Fees	85,000	70,000
	<u>112,515,774</u>	<u>68,708,531</u>
	183,182,729	106,333,520

Less:

Depreciation in accordance with Section 350 of the Companies Act, 1956	105,326,189	64,805,066
Profit on Sale of Fixed Asset	186,551	369,402
	<u>105,512,740</u>	<u>65,174,468</u>
Net Profit/(Loss) as per Section 349	<u>77,669,989</u>	<u>41,159,052</u>
Maximum permissible remuneration payable per annum as per Section 309 of the Companies Act, 1956	3,883,499	2,057,953

In view of inadequacy of profits, remuneration payable to Managing Director for financial year 2010-11 is based on the effective capital method as per Schedule XIII of the Companies Act, 1956.



## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
<b>Effective Capital Working</b>		
Share Capital & Free Reserve (Excluding Revaluation Reserve)	825,601,368	253,815,852
Long Term Loans & Deposits payable (excluding working capital loans)	486,024,317	553,497,118
Sub Total	1,311,625,685	807,312,970
Less: Aggregate of Investment in Shares	286,164,900	143,300,000
Effective Capital	1,025,460,785	664,012,970
Maximum permissible remuneration payable per annum as per Schedule XIII under effective capital method.	4,800,000	4,800,000
Remuneration to Managing Director	7,104,585	3,833,465
Note : The Company has applied to the Central Government for approval of additional remuneration to the Managing Director. Pending approval from Central Government, the Company has not paid additional remuneration to the Managing Director. (Refer Note No. 28 in Schedule 2)		
13 Remuneration to Managing Director :	2010-11 (Rupees)	2009-10 (Rupees)
Salaries	4,800,000	2,400,000
Perquisites and Benefits	2,304,585	1,433,465
	7,104,585	3,833,465
14. The Company does not have any transaction with Micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, identified on the basis of information available with the Company.		
15. Segment reporting :		
(i) The Company is engaged in single segment of production of Micro motors and its accessories mainly for the Automotive sector. Hence disclosure of primary segment under Accounting Standard (AS) 17- "Segment Reporting" does not arise. The details of secondary segment being "geographical segment" are given below.		
	2010 - 11 Rupees	2009 - 10 Rupees
Overseas	1,646,019,166	1,229,074,817
Domestic	326,104,629	357,980,078
<b>Total Revenue</b>	<b>1,972,123,795</b>	<b>1,587,054,895</b>
(ii) Segment identification, reportable segments and definition of each reportable segment		
(a) Secondary Segment reporting format		
In respect of secondary segment information, the company has identified its geographical segments as (a) Domestic and (b) Overseas. The secondary segment information has been disclosed accordingly		
(b) Reportable segments		
Reportable segments have been identified as per the criteria specified in Accounting Standard (AS) 17 - "Segment Reporting"		
(iii) All tangible assets of the Company are located within India.		

# Igarashi Motors India Limited

## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

#### 16. Related party disclosures :

##### (i) The following enterprises are related to the company.

- |  |  |
|--|--|
| 1. HBL Power Systems Ltd.                                    | - Ultimate Holding Company from 31.03.2011   |
| 2. Igarashi Electric Works Ltd, Japan                        | - Holding Company till 24.01.2011<br>(through management control)<br>- Significant share holder from 25.01.2011 to 30.03.2011                |
| 3. Igarashi Electric Works (H K) Ltd.                        | - Fellow Subsidiary Company till 24.01.2011  |
| 4. Igarashi Motor Sales LLC, USA                             | - Fellow Subsidiary Company till 24.01.2011  |
| 5. Igarashi Motoren GMBH                                     | - Fellow Subsidiary Company till 24.01.2011  |
| 6. Agile Electric Drives Technologies and Holdings Pvt. Ltd. | - Fellow Subsidiary Company till 24.01.2011<br>- Significant share holder from 25.01.2011 to 30.03.2011<br>- Holding Company from 31.03.2011 |
| 7. Agile Electric Sub Assembly Pvt. Ltd.                     | - Associate Company till 30.03.2011<br>- Fellow Subsidiary Company from 31.03.2011   |
| 8. Bosch Electrical Drives India Pvt. Ltd.                   | - Associate Company from 03.01.2011  |

##### (ii) Key Management Personnel (KMP) :

- |               |                      |
|---------------|----------------------|
| Mr. P. Mukund | - Managing Director. |
|---------------|----------------------|

##### (iii) The following transactions were carried out with the related parties in the ordinary course of business.

Amount in Rs.

Sl. No.	Nature of relationship / transaction	Holding Company	Fellow Subsidiary	Associates	Other Related Parties	Total
1	Purchase of goods	17,518,609 (76,138,888)	313,929,413 (48,022,828)	- (235,163,984)	7,700,657 -	339,148,679 (359,325,700)
2	Sale of goods	- (55,496)	1,658,712,262 (1,245,341,626)	- (328,384,179)	- -	1,658,712,262 (1,573,781,300)
3	Other services received	2,700,000 -	- -	- (3,323,691)	- -	2,700,000 (3,323,691)
4	Purchase of fixed assets	- -	27,609,000 -	- -	- -	27,609,000 -
5	Sale of fixed assets	- -	5,214,600 -	- -	- -	5,214,600 -
6	Inter corporate deposits given	- -	- -	- -	90,000,000 -	90,000,000 -
7	Inter corporate deposits taken	- -	160,000,000 -	- -	- -	160,000,000 -
8	Sale of product line / programme	- -	2,840,537 -	- -	- -	2,840,537 -
9	Interest income	- -	- -	- -	78,904 -	78,904 -
10	Interest expense	- -	1,821,261 (669,699)	- -	- -	1,821,261 (669,699)



## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

#### (iv) Amount Due to / from Related Parties

Amount in Rs.

Sl no.	Nature of relationship/ transaction	Holding co.	Fellow Subsidiary	Associates	Other Related Parties	Total
1	Dues from Related Parties	- (2,591,392)	303,586,835 (371,830,771)	- (256,122,029)	- -	303,586,835 (630,544,191)
2	Dues to Related Parties	- (53,655,453)	49,865,004 (13,600,881)	- (96,028,204)	- -	49,865,004 (163,284,537)
3	Inter corporate deposits receivable	90,078,904 -	- -	- -	- -	90,078,904 -

(Note: Figures in brackets represent corresponding amounts of the previous year.)

(v) No amount outstanding has been written off or written back during the year.

17. Factory building has been constructed on land taken on lease from 1st May 1991 for a period of fifteen years from Madras Export Processing Zone (MEPZ) and monthly rent paid has been charged in the accounts. The said lease has since been renewed for a further period of five years w.e.f 2nd May 2006 and is renewable further thereafter at the option of the Company on mutually agreed terms with MEPZ. In the event of the Company deciding to vacate the premises, the lessor (MEPZ) will compensate the company a mutually agreed consideration for the sale of the factory building. Accordingly depreciation has been provided at the rates prescribed in Schedule XIV of the Companies Act, 1956.

#### 18. Leases:

##### (a) Finance Lease

- During the year, the company has acquired certain plant & machinery on finance lease. The lease is having a primary period which is fixed and non cancellable. There are no exceptional /restrictive covenants in the lease agreement.
- The minimum lease payments as at March 31, 2011 and the present value as at March 31, 2011 of minimum lease payments in respect of assets acquired under Finance Lease is as follows:

Amount in Rs.

Sl. No.	Particulars	Minimum Lease payments As at 31.03.2011	Present value of Minimum Lease payments As at 31.03.2011
1	Payable not later than 1 year	8,139,734	4,527,671
2	Payable later than 1 year and not later than five years	32,558,939	25,284,180
3	Payable later than five years	-	-
	Total	40,698,673	29,811,851
	Less: Future finance charges	10,886,822	-
	Present Value of Minimum Lease payable	29,811,851	-

# Igarashi Motors India Limited

## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

#### (b) Operating Lease:

The Company has taken certain premises on cancellable operating lease. These lease agreements are normally renewed on expiry. The company has taken cars on cancellable operating lease. Amount paid towards these leases are included in selling & administrative expenses. There are no exceptional / restrictive covenants in these lease agreements. Lease rentals charged to Profit and Loss account for the year is Rs.22,01,435/- (previous year Rs.29,08,488/-). Contingent rent recognised Rs. Nil (previous year Rs.Nil).

- 19 a) The Company does not have taxable income under the conventional method of computation of income and further is covered by the provisions of the Special Economic Zone Act, 2005 and accordingly not liable for Minimum Alternate Tax under section 115JB of the Income tax Act, 1961. Hence, no provision for Current tax has been made for the year.
- b) The Company does not have taxable wealth and hence no provision has been made for wealth tax under the provisions of Wealth Tax Act, 1957.

#### 20 Employee Stock Option Scheme:

- a) The Company has granted 750,000 options under the Employees Stock Option Plan, 2006 to its employees and Directors on 27th August 2010, with a vesting period of one year from the date of grant of the option. The exercise period is five years from the date of issue.
- b) The grant of options to the employees under the employees stock option scheme is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of one year, subject to the discretion of the management and fulfillment of certain conditions.
- c) The details of grants under the aforesaid scheme are summarised below -

Sl. No	Particulars	ESOP, 2006	
		2010-11	2009-10
1	Grant Price - Rupees	40.15	-
2	Grant date	27-Aug-10	-
3	Vesting date	26-Aug-11	-
4	Option granted and outstanding at the beginning of the year	-	-
5	Options lapsed / withdrawn during the year	-	-
6	Options granted during the year	750,000	-
7	Options exercised during the year	-	-
8	Options granted and outstanding at the end of the year of which -	750,000	-
	Options vested	-	-
	Options yet to vest	750,000	-

- d) During the year, the Company has amortised proportionate employee stock based compensation expense amounting to Rs. 8,189,671/-, which has been included in staff expenses.





## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

- 21 Earning per share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earnings Per Share" as below:

Particulars	2010-11	2009-10
<b>Basic</b>		
(a) Profit after tax as per Accounts	Rs. <b>75,835,516</b>	27,274,647
(b) Number of equity shares outstanding	Nos <b>20,374,382</b>	13,874,382
(c) Weighted average number of equity shares outstanding	Nos <b>15,049,724</b>	13,874,382
<b>Basic EPS</b>	Rs. <b>5.04</b>	1.97
<b>Diluted</b>		
(a) Profit after tax as per Accounts	Rs. <b>75,835,516</b>	27,274,647
(b) Weighted average number of equity shares outstanding	Nos <b>15,049,724</b>	13,874,382
(c) Add: Weighted average number of potential equity shares on account of employee stock options	Nos <b>349,515</b>	-
(d) Weighted average number of equity shares outstanding for diluted EPS	Nos <b>15,399,239</b>	13,874,382
<b>Diluted EPS</b>	<b>4.92</b>	1.97
Face value per share	<b>10.00</b>	10.00

- 22 Major Components of Deferred Tax :

Amount in Rs.

Particulars	As at 31.03.2011		As at 31.03.2010	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Difference between Book Depreciation and Tax Depreciation.		<b>88,692,669</b>		93,394,360
Provision for Unpaid Bonus, Group Gratuity and Group Leave Enchashment debited to Profit & Loss Account	<b>1,190,759</b>		723,889	
Total	<b>1,190,759</b>	<b>88,692,669</b>	723,889	93,394,360
Net Deferred Tax Liability		<b>87,501,910</b>		92,670,471
Charged / (credit) to Profit and Loss Account		<b>(5,168,561)</b>		

- 23 The Company has reviewed the future cash flows on the basis of value in use of its assets and has satisfied that the estimated recoverable amount is more than the amount carried in the books. Accordingly, no provision for impairment loss is required to be made in these accounts.

# Igarashi Motors India Limited

## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

#### 24 Employee Benefits

Provision for Gratuity and Leave encashment represents provision made as per Actuarial valuation report dated 14th May 2011.

a) The amounts recognised in Balance Sheet are as follows:

Amount in Rs.

Particulars		Leave Encashment		Gratuity Plan	
		As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
A	Present Value of Defined Benefit Obligation				
	- Wholly funded	4,502,070	4,022,549	9,123,550	5,840,099
	- Wholly Unfunded	-	-	-	-
	Less: Fair value of Plan Assets	(4,759,274)	(4,290,377)	(6,096,689)	(6,050,309)
	Unrecognised Past Service Costs	-	-	-	-
	Amount to be recognised as liability /(asset)	(257,204)	(267,828)	3,026,861	(210,210)
B	Amounts reflected in the Balance Sheet				
	Liabilities	4,502,070	4,022,549	9,123,550	5,840,099
	Assets	(4,759,274)	(4,290,377)	(6,096,689)	(6,050,309)
	Net liability / (asset)	(257,204)	(267,828)	3,026,861	(210,210)

Note: Assets are not recognised in the Balance Sheet

b) The amounts recognised in Profit and Loss Account are as follows :

Amount in Rs.

Particulars	Leave Encashment		Gratuity Plan	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Current Service Cost	305,557	331,576	800,250	794,098
Interest Cost	321,804	295,574	467,208	391,876
Less: Expected Return on Plan Assets	(401,441)	(335,643)	(536,666)	(497,941)
Actuarial Losses/(gains)	(147,840)	(299,281)	2,774,646	(91,693)
Past Service Cost	-	-	-	-
Effect of any curtailment or settlement	-	-	-	-
Actuarial Gain not recognised in books	-	-	-	-
<b>Total included in "Staff Expenses"</b>	<b>78,080</b>	<b>(7,774)</b>	<b>3,505,438</b>	<b>596,340</b>
Actual Return on Plan Assets	401,441	335,643	536,666	497,941



## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

- c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof as follows:

Amount in Rs.

Particulars	Leave Encashment		Gratuity Plan	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Balance of the present value of Defined Benefit Obligation as at the beginning of the year	4,022,549	3,694,680	5,840,099	4,898,444
Add: Current Service Cost	305,557	331,576	800,250	794,098
Add: Interest Cost	321,804	295,574	467,208	391,876
Add: Contributions by Plan Partners, viz.				
i) Employer	-	-	-	-
ii) Employee	-	-	-	-
Add / Less : Actuarial losses / (gains)	(147,840)	(299,281)	2,774,646	(91,693)
Less: Benefits Paid	-	-	(758,653)	(152,626)
Add: Past Service Cost	-	-	-	-
Balance of the present value of Defined Benefit Obligation as at the end of the year	4,502,070	4,022,549	9,123,550	5,840,099

- d) Change in fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Amount in Rs.

Particulars	Leave Encashment		Gratuity Plan	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Opening balance of the fair value of the plan assets as at the start of the year	4,290,377	3,202,393	6,050,309	5,217,148
Add: Expected Return on plan assets	401,441	335,643	536,666	497,941
Add/(Less) : Actuarial gains/(losses)	-	-	-	-
Add/(Less) : Transfer in/ (Transfer out)	-	-	-	-
Add: Contribution by the employer	67,456	752,341	268,367	487,846
Add: Contribution by plan participants	-	-	-	-
Less : Benefits paid	-	-	(758,653)	(152,626)
Less : Settlements	-	-	-	-
Closing balance of the fair value of the plan assets as at the end of the year	4,759,274	4,290,377	6,096,689	6,050,309

- e) All Investments in Plan Assets are managed by the LIC.
- f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2010-11	2009-10
Discount rate as at Year end	8.00%	8.00%
Expected return on plan assets as at year end	9.30%	8.00%
Salary growth rate:		
a) Gratuity Scheme	8.00%	8.00%
b) Leave Encashment Scheme	6.00%	6.00%

Attrition rate: 1-3% per annum, assumed to be independent of age and service. The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market.

# Igarashi Motors India Limited

## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

g) Contribution to provident funds are made to the Regional Provident Fund office.

25 (a) During the year, the Company has made preferential allotment of 6,500,000 equity shares of face value of Rs. 10/- each to Agile Electric Drives Technologies and Holdings Private Limited at a premium of Rs. 66.30/- with a lock-in period of one year from 25th January 2011 to 24th January 2012.

(b) Options outstanding as at the end of the year on un-issued share capital:

Particulars	Number of equity shares to be issued as fully paid	
	As at 31.03.2011	As at 31.03.2010
Employee stock options granted and outstanding	750,000	-

26 (a) The Investments in IJT Plastics & Tools Private Limited ("IJTPL") consisting of 7,430,000 equity shares of face value of Rs. 10/- each fully paid was replaced with 2,451,900 shares of Rs. 10/- each fully paid of Agile Electric Sub Assembly Private Limited ("AESPL") pursuant to merger of IJTPL with AESPL vide Order of the Honorable High Court of Madras Judicature CP No. 312/2010 dated 2nd March 2011, swap ratio being 33 equity shares of Rs. 10/- each fully paid up of AESPL for every 100 equity shares of Rs. 10/- each fully paid up of IJTPL.

(b) During the previous year 2009-10, the Company had pledged its investments in IJT Plastics & Tools Private Limited with bank as security for the credit facilities availed from bank by IJT Plastics & Tools Private Limited. Further to amalgamation mentioned in Note 26(a), the Company is in the process of creating a pledge on the investment in Agile Electric Sub Assembly Private Limited with the banker

(c) The Company has increased its investment in Bosch Electrical Drives India Private Limited ("Investee Company") on 3rd January 2011 to 26 %, thereby making the Investee Company, an Associate.

27 (a) Deduction of product development expenses under capital work in progress - intangible assets includes development expenditure amounting to Rs.2,840,537/- for a project in progress transferred at cost to a Fellow subsidiary during the year and Rs.2,862,425/- recovered from a customer towards product development.

(b) During the year, the Company has written off product development expenditure under Intangible asset amounting to Rs.7,872,278/-(net) as the same has been obsoleted due to discontinuance of the product development.

28 Subsequent events

The Company has obtained Central Government approval for payment of increased remuneration of Rs.9,600,000/-per annum to Mr. P.Mukund, Managing Director of the Company, for a period of one year from 01.04.2010 to 31.03.2011 vide letter no. B5040407/5/2011 -CL-VII dated 18.04.2011.

29 Figures for the previous year have been regrouped/ reclassified wherever necessary.

As per our report attached  
**SHARP & TANNAN**  
Chartered Accountants  
ICAI Registration No.003792S

**P. MUKUND**  
Managing Director

**K.K. NOHRIA**  
Chairman

**K. IGARASHI**  
**C.P. DUSAD**  
**G.N. MANI**  
**T. IGARASHI**  
**KEIICHI IGARASHI**  
Directors

**R. CHANDRASEKARAN**  
Head-Finance

**T.S. MAHARANI**  
Company Secretary  
Membership No. 16992

**L. VAIDYANATHAN**  
Partner  
Membership No. 16368  
Place : Chennai  
Date : May 26, 2011



## SCHEDULE 2

### NOTES FORMING PART OF ACCOUNTS

Additional information, as required under Part IV of Schedule VI to the Companies Act, 1956.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details :

Registration No. 

	2	1	9	9	7
--	---	---	---	---	---

Balance Sheet Date 

3	1	0	3
---	---	---	---

2	0	1	1
---	---	---	---

 State Code 

1	8
---	---

Date                      Month                      Year

#### II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issues <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>				N	I	L				Rights Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>				N	I	L			
			N	I	L														
			N	I	L														
Bonus Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>				N	I	L				Preferential Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td>4</td><td>9</td><td>5</td><td>9</td><td>5</td><td>0</td></tr></table>				4	9	5	9	5	0
			N	I	L														
			4	9	5	9	5	0											

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>1</td><td>7</td><td>2</td><td>3</td><td>0</td><td>1</td><td>8</td></tr></table>			1	7	2	3	0	1	8	Total Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>1</td><td>7</td><td>2</td><td>3</td><td>0</td><td>1</td><td>8</td></tr></table>			1	7	2	3	0	1	8
		1	7	2	3	0	1	8											
		1	7	2	3	0	1	8											

##### Sources of Funds

Paid-up-Capital  

			2	0	3	7	4	4
--	--	--	---	---	---	---	---	---

Employee stock options outstanding  

					8	1	9	0
--	--	--	--	--	---	---	---	---

Unsecured Loans  

				2	9	8	1	2
--	--	--	--	---	---	---	---	---

##### Application of Funds

Net Fixed Assets & Net intangible assets  

			8	8	4	7	0	5
--	--	--	---	---	---	---	---	---

Deferred Tax Assets  

					1	1	9	0
--	--	--	--	--	---	---	---	---

Profit & Loss count  

			1	9	2	4	8	7
--	--	--	---	---	---	---	---	---

##### Reserves & Surplus

			8	1	4	3	4	5
--	--	--	---	---	---	---	---	---

Secured Loans  

			5	7	8	2	3	5
--	--	--	---	---	---	---	---	---

Deferred Tax Liability  

				8	8	6	9	2
--	--	--	--	---	---	---	---	---

##### Investments

			2	8	6	1	6	5
--	--	--	---	---	---	---	---	---

Net Current Assets  

			3	5	8	4	7	1
--	--	--	---	---	---	---	---	---

#### IV. Performance of Company (Amount in Rs. Thousands)

Turnover  

		1	9	7	6	2	0	7
--	--	---	---	---	---	---	---	---

Profit / Loss before tax  
+   -  

+			7	0	6	6	7
---	--	--	---	---	---	---	---

Total Expenditure  

		1	9	0	5	5	4	0
--	--	---	---	---	---	---	---	---

Profit / Loss after tax  
+   -  

+			7	5	8	3	6
---	--	--	---	---	---	---	---

(Please tick appropriate box + for Profit - for Loss)

# Igarashi Motors India Limited

+ -		Basic Earning per share in Rs.						Dividend Rate %					
+				5	.	0	4			N	I	L	
+ -		Diluted Earning per share in Rs.											
+				4	.	9	2						

## V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	8	5	0	1	3	3		0	1												
Product Description	E	L	E	C	T	R	I	C		M	I	C	R	O		M	O	T	O	R	S

**P. MUKUND**  
Managing Director

**K.K. NOHRIA**  
Chairman

**K. IGARASHI**  
**C.P. DUSAD**  
**G.N. MANI**  
**T. IGARASHI**  
**KEIICHI IGARASHI**  
Directors

**R. CHANDRASEKARAN**  
Head-Finance

**T.S. MAHARANI**  
Company Secretary  
Membership No. 16992

Place : Chennai  
Date : May 26, 2011



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
<b>A) CASH FLOW FROM OPERATION ACTIVITIES :</b>				
Net profit / (loss) before tax		70,666,955		37,624,989
Adjustments for:				
Depreciation, Amortisation and Obsolescence	105,326,189		64,805,066	
Profit on sale of fixed assets	(186,551)		(644,241)	
Employee stock option - discount forming part of staff expenses	8,189,671		-	
Interest (Net)	98,894,170		84,818,866	
		212,223,479		148,979,691
Operating profit / (loss) before working capital changes		282,890,434		186,604,680
Adjustments for Increase / (Decrease) in				
Trade and other receivables	(238,738,351)		169,698,979	
Inventories	(45,761,358)		22,609,917	
Trade Payables	5,702,293		38,870,537	
		(278,797,416)		231,179,433
Cash generated from operations		4,093,018		417,784,113
Less: Direct taxes paid		5,659,180		3,900,000
<b>Net cash from / (used in) operating activities (A)</b>		(1,566,162)		413,884,113
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets		(138,749,443)		(28,069,921)
Sale of fixed assets		5,868,083		15,835,304
Purchase of investments		(142,864,900)		(19,000,000)
Interest received		1,487,604		296,478
<b>Net cash from / (used in) investing activities (B)</b>		(274,258,656)		(30,938,139)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital		495,950,000		-
Repayment of borrowings		(94,674,175)		(308,488,686)
Dividends paid		-		-
Interest paid		(100,381,774)		(85,115,344)
<b>Net cash from / (used in) financing activities (C)</b>		300,894,051		(393,604,030)
Net increase/(decrease) in cash & cash equivalents (A+B+C)		25,069,233		(10,658,056)
Cash and cash equivalents as at the beginning of the year		30,177,810		40,835,866
Cash and cash equivalents as at the end of the year		55,247,043		30,177,810

# Igarashi Motors India Limited

Notes :

1. Cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 as specified in Companies (Accounting Standards) Rules, 2006.
2. Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the year.
3. Cash and Cash equivalents represent cash and bank balances.
4. Previous year's figures have been regrouped/reclassified wherever applicable
5. Cash and cash equivalents include fixed deposits of Rs. 6,021/- pledged as security with sales tax department, not available for immediate use.

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As per our report attached  
**SHARP & TANNAN**  
Chartered Accountants  
ICAI Registration No.003792S

**P. MUKUND**  
Managing Director

**K.K. NOHRIA**  
Chairman

**K. IGARASHI**  
**C.P. DUSAD**  
**G.N. MANI**  
**T. IGARASHI**  
**KEIICHI IGARASHI**  
Directors

**R. CHANDRASEKARAN**  
Head-Finance

**T.S. MAHARANI**  
Company Secretary  
Membership No. 16992

**L. VAIDYANATHAN**  
Partner  
Membership No. 16368  
Place : Chennai  
Date : May 26, 2011





## IGARASHI MOTORS INDIA LIMITED

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

### PROXY FORM

DP Id & Client ID : \_\_\_\_\_

Folio No : \_\_\_\_\_

I/we .....  
of ..... being a member/members of the above named  
Company, hereby appoint .....  
or ..... failing him/her .....  
as my /our Proxy to vote for me /us on my/our behalf at the 19th Annual General Meeting of the  
Company to be held at the Sathguru Gnanananda Hall, Narada Gana Sabha Trust Complex,  
Mini Hall, 314, T.T.K. Road, Chennai - 600 018 at 3.00 P.M. on Thursday, 15th September, 2011 and at  
any adjournment thereof.

Signature : \_\_\_\_\_

Signed this ..... day of ..... 2011

Affix a  
Re.1  
Rev. Stamp

Note : Proxy forms must reach the Company's Registered Office not less than 48 hours before the meeting.

.....>.....



## IGARASHI MOTORS INDIA LIMITED

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

### ATTENDANCE SLIP

To be completed and handed over at the entrance of the Meeting Hall

..... Name of attending member (in Block Letters)	..... Folio No	..... DP ID & Client ID No.
..... Name of Proxy (in Block Letters) To be filled if the Proxy attends instead of the member		

No. of Shares held .....

I hereby record my presence at the 19th Annual General Meeting of the Company held at the Sathguru Gnanananda Hall, Narada Gana Sabha Trust Complex, Mini Hall, 314, T.T.K. Road, Chennai - 600 018 at 3.00 P.M. on Thursday, 15th September, 2011.

Member's/Proxy's Signature

(To be signed at the time of handing over this slip)

For Office Use.





## IGARASHI MOTORS INDIA LIMITED

Investor Service Department

Plots No B12–B15 Phase II, MEPZ–SEZ, Tambaram, Chennai –600 045

Phone: 42298199 Fax: 22628143

E–mail : investorservices@igarashimotors.co.in

### ECS FORM

- 1 First Shareholder's Name (in Block Letters)
- 2 Address
- 3 Shareholder's Folio Number  
D.P ID Number  
Client ID Number
- 4 Particulars of Bank Account
  - A. Bank Name
  - B. Branch & Pincode
  - C. Account No.  
(as appearing on the Cheque Book)
  - D. Account Type (please Tick) SB / Current / Cash Credit
  - E. Ledger Folio Number of Bank Account  
(if appearing on the cheque book)
  - F. 9 Digit Code No. of the Bank and  
Branch appearing on the MICR  
Cheque issued by the Bank
- 5 Please attach a photo copy of a cheque leaf or  
a blank cancelled cheque issued by your bank  
relating to your above account for verifying the  
accuracy of the code numbers

### DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete information, I would not hold Igarashi Motors India Limited responsible.

Place :  
Date:

Signature of the First Holder

Certified that the particulars furnished above are correct as per our records.

Place:  
Date:

Signature of the Manager of the  
Bank Concerned



**IGARASHI MOTORS INDIA LIMITED**

Plots No B12–B15 Phase II  
MEPZ–SEZ, Tambaram, Chennai –600 045

Folio \_\_\_\_\_

DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

Number of Shares held \_\_\_\_\_

**BANK ACCOUNT PARTICULARS**

I/WE

do hereby authorise Igarashi Motors India Limited to print the following details on my/our Dividend Warrant

• Bank Name :

• Account Type:

Savings

☐

Current

☐

Cash Credit

☐

• Account Number :

Signature of the Member :

Note: Please Complete the form, sign and mail to Igarashi Motors India Ltd.



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