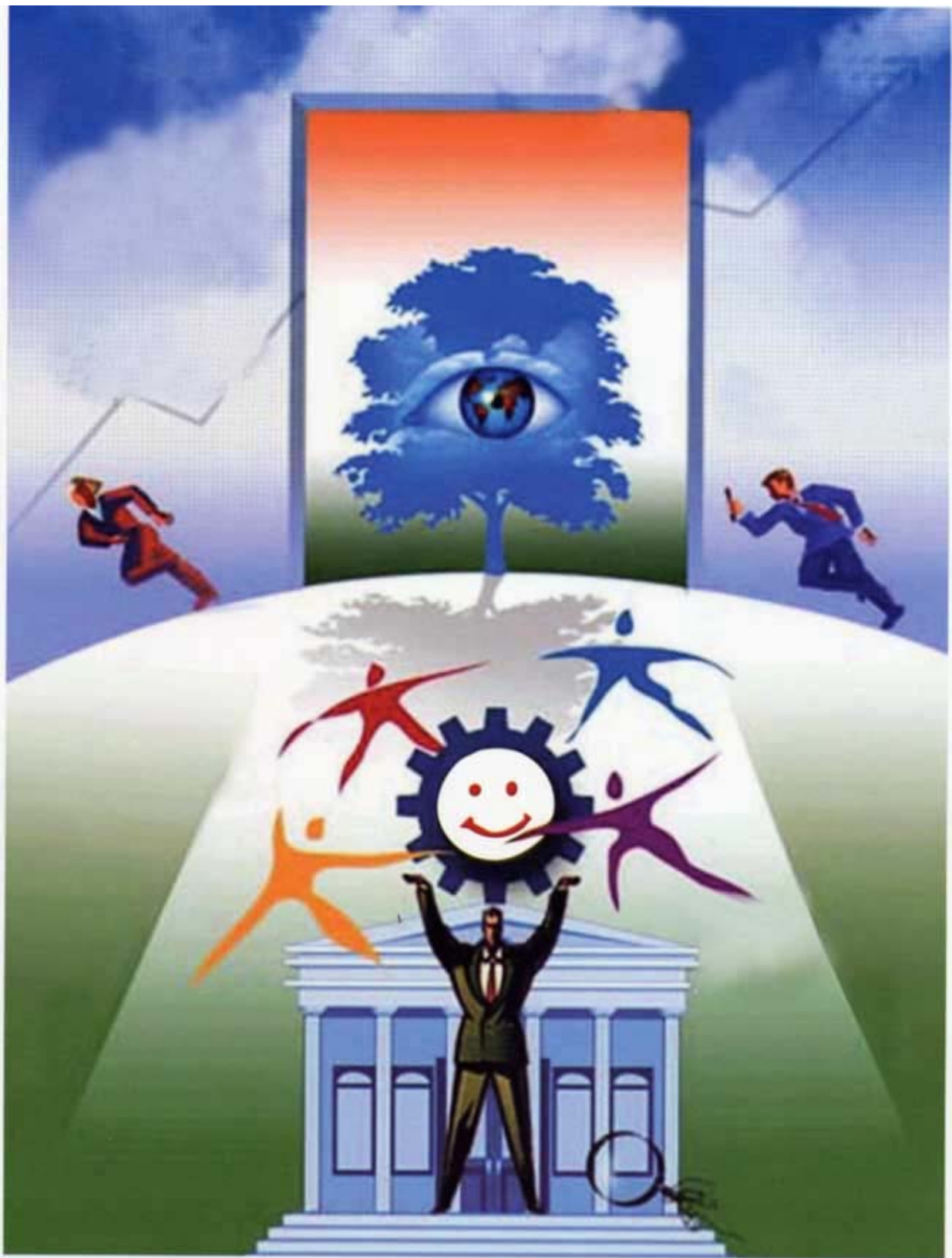




IGARASHI MOTORS INDIA LTD.

20th ANNUAL REPORT

2011 - 2012



OUR PHILOSOPHY ON CORPORATE GOVERNANCE



MISSION TO ENHANCE
CUSTOMERS
COMPETITIVENESS



GLOBAL VISION
THROUGH INDIAN DOORWAY



WEALTH FOR ALL
PARTNERS THROUGH
THE WHEEL OF ENGINEERING



TRANSPARENCY
AND COMPLIANCE



Igarashi Motors India Limited

BOARD OF DIRECTORS	K.K. NOHRIA (CHAIRMAN) K. IGARASHI G.N. MANI KEIICHI IGARASHI A.J. PRASAD KAVITA PRASAD M.S.S. SRINATH JACOB MATHEW
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MANAGING DIRECTOR	P. MUKUND
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HEAD - FINANCE	R. CHANDRASEKARAN
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COMPANY SECRETARY	P. DINAKARA BABU
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AUDITORS	SHARP & TANNAN CHARTERED ACCOUNTANTS PARSN MANERE, A-WING 3RD FLOOR, 602, ANNA SALAI CHENNAI - 600 006
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BANKERS	STATE BANK OF INDIA ICICI BANK LIMITED
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REGISTERED OFFICE & FACTORY	PLOTS NO.B-12 TO B-15, PHASE II MEPZ - SEZ, TAMBARAM, CHENNAI - 600 045.
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As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.



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From the Chairman's desk.....

Dear Shareholders,

I am very happy to share with you that my optimism of last year has come true.

Your Company has delivered excellent results for the year 2011-12. Both Sales and Profitability have improved nicely.

This has been possible due to:-

1. Continued confidence shown by your Customers in your Company,
2. Your management being freed from day to day anxieties of Cash Flow,
3. Continuous drive for productivity enhancement,
4. Cost Control and Waste Elimination measures being pursued in your Company,

I believe, we can now look forward to better days with confidence.

Your Company continues to enjoy good demand for its products and services. It is becoming a significant global player in some of its chosen fields. It also remains a low cost, high Quality manufacturer.

Our association with HBL has proved very useful as we now enjoy the benefit of Wise Counsel of seasoned and successful Industrialists.

I would like you to join me in Complimenting your Company's team for their dedication and commitment.

I remain, as always, grateful to you - our dear shareholders for the confidence and patience displayed by you. I feel you will be fully rewarded in the years ahead.

With Kind regards,



K.K. Nohria
Chairman



NOTICE

NOTICE IS HEREBY GIVEN THAT The Twentieth Annual General Meeting of Igarashi Motors India Limited will be held on Saturday, the September 15, 2012, 3.00 p.m. at the Music Academy, Mini Hall, 306, T.T.K. Road, Chennai - 600 014 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2012, the Statement of Profit and Loss for the year ended 31st March 2012 and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. K.K. Nohria who retires at this meeting and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Jacob Mathew 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.

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

Place : Chennai
Date : July 26, 2012

P. Dinakara Babu
Company Secretary

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

Notes:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE AFORESAID MEETING.
- b) The Register of Members of the Company will remain closed from September 10, 2012 to September 15, 2012 (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 Number and in case of physical shares to the Registered office of the Company.

Igarashi Motors India Limited

- 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 2004-2005 remaining un-claimed for 7 years from the date of declaration will be transferred to the Investor Education and Protection Fund established by the Government of India pursuant to Section 205C of the Companies Act, 1956. Consequently, no claim shall lie against the said Fund or the Company in respect of any amounts which were un-claimed and un-paid for a period of 7 years from the date they first become due for payment.
- g) Members who have not so far encashed dividend warrant(s) for the Financial Years 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, 2012, over 98% of our Company's Shares are 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 update their bank accounts with the respective Depository Participants.



DIRECTORS' REPORT

To

The Shareholders,

Your Directors present their Twentieth Annual Report of your Company, together with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

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

	(Rs. in Lakhs)	
Particulars	2011-12	2010-11
Manufacturing Sales	25,986.24	18,566.26
Trading Sales	866.67	1,110.01
Total Sales	26,852.91	19,676.27
Add : Other Income	103.79	40.84
Total Income	26,956.71	19,717.11
Less :		
(i) Materials & Manufacturing Expenses	18,173.65	13,852.29
(ii) Value Addition Cost	5,887.04	4,104.89
Profit before Depreciation, Amortization & Obsolescence	2,896.01	1,759.93
Less :		
(i) Depreciation, Amortization & Obsolescence Expenses	1,119.39	1,053.26
Profit Before Tax	1,776.62	706.67

OPERATIONS

Your Company achieved impressive topline growth during the year under review with total income at Rs. 26,956.71 Lakhs. The Operating profit before depreciation, amortization and obsolescence amounted to Rs. 2,896.01 Lakhs. Profit before Tax amounts to Rs. 1,776.62 Lakhs. Your Company managed the Operations to post a Sales growth of 36% and an EBIDTA Growth of 50 %.

The Management Discussion report details steps taken in this area .

DIVIDEND

Your Directors recommend no payment of Dividend to their shareholders for the year under review .

Igarashi Motors India Limited

RESERVES

The Reserves at the end of the year 31st March, 2012 is at Rs. 8,082.18 Lakhs as against the Total Reserves of Rs. 6,300.47 Lakhs as at 31st March, 2011.

DIRECTORS

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

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.

On April 24th 2012, Mr. T. Igarashi and Mr. C. P. Dusad resigned as Directors. Your Directors wish to place on record their appreciation of the contribution of these Directors.

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.

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.

During the year, the company allotted 10,000 Equity shares each to Mr. G.N. Mani and Mr. C.P. Dusad pursuant to exercise of options under the ESOP Scheme 2006.

Besides this, your Company granted 2,35,700 Stock Options during the current year. Of these, 2,10,700 options granted to Mr. P. Mukund, Managing Director and 25,000 options granted to Mr. K.K. Nohria under ESOP Scheme 2006.

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.



PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employee who had drawn remuneration of Rs.5,00,000/- per month or more or Rs.60,00,000/- per annum during period under consideration is out in the Annexure to this report.

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.

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;
- 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 2012 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.

Igarashi Motors India Limited

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 Limited, Bombay Stock Exchange Limited and Madras Stock Exchange Limited. Listing fee has already been paid for the financial year 2011-12. 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 26, 2012

K.K. Nohria
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

Energy Conservation Measures Taken:

- Occupancy sensors to be installed for rest of the applicable split air conditioners.
- Steps taken to reduce peak hour consumption by optimizing the air conditioners operation appropriately.
- Light pipe installed at some locations. Planned to install at other locations such as warehouses, canteen, FG area etc.,
- Duty cycling of compressors implemented to operate at optimum level.

B. TECHNOLOGY ABSORPTION

Form B

Technology, absorption, adaptation and innovation

a. Efforts, in brief, made towards technology absorption, adaptation and innovation :

- Your Company, based on the technology absorption over the past years, has taken a lead role to launch Motor Performance innovation and improvement programs with Car Makers directly and Tier-1 experts;
- Product Engineering on Electric Motors for new automotive applications and other than automotive applications were commenced;
- New thoughts in engineering of Manufacturing Processes were implemented, resulting in improvement in Quality and Capacity;
- Concept outliners were laid for production lines with about 30% increased productivity;

b. Benefits derived as a result of the above efforts:

- Acquired New Generation Electric Motor Business from leading OEM / Tier-1 combination for 5 years;
- Proliferated DC Motors to new Applications;
- Improved Capacity Utilization and increased Productivity of Resources;

Igarashi Motors India Limited

c.	Expenditure on New Product Development	(Rs. in Lakhs)	
		2011-12	2010-11
	Program Expenditure incurred during the year	--	5.24
	Program Expenditure Amortized during the year	62.55	106.00
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. in Lakhs)	
		2011-12	2010-11
	Total Foreign Exchange earned	26,281.70	18,504.35
	Total Foreign Exchange used	16,232.52	11,814.43
	[Excludes payments for Capital Goods Rs.2195.30 Lakhs (Previous Year: Rs. 1170.34 Lakhs)]		

For and on behalf of the Board of Directors

Place : Chennai
Date : July 26, 2012

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
A) No. of options granted during FY 2011-12	2,35,700
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 FY2011-12	Nil
D) Options exercised during FY2011-12	20,000
E) The total number of shares arising as a result of exercise of option	20,000
F) Options lapsed FY2011-12	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 31,2012	9,85,700
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	Mr. P Mukund, Managing Director 2,10,700 options
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. 8.10

Igarashi Motors India Limited

L)	i)	The Method of calculation of Employee Compensation Cost	Fair Value Method-Black-Scholes-Merton Model
	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	Rs. 6,839,265
	iii)	The impact of the difference on profits and on EPS of the Company	Rs. 1,908,739 0.17 per share
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	Rs. 40.15 Rs. 33.18
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 :	
	1)	Risk-free interest rate (in %)	8.00
	2)	Expected life (in years)	10
	3)	Expected volatility (in %)	3.55
	4)	Expected dividends and (in%)	3.00
	5)	The price of underlying share in market at the time of option grant (in Rs.)	61.42

For and on behalf of the Board of Directors

Place : Chennai
Date : July 26, 2012

K.K. Nohria
Chairman

ANNEXURE TO THE DIRECTORS' REPORT TO THE SHAREHOLDERS

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended March 31, 2012.

Sl. No	Name	Age (yrs)	Designation	Date of commencement of Employment	Remuneration Received (Rs.)	Professional Qualification	Total Experience (Yrs)	Last Employment	% of Shareholding in the Company
1	Mr. P Mukund	52	Managing Director	10-Jan-1992	71,92,886	B.Tech, PGDBM	29	Crompton Greaves Ltd	0.26

For and on behalf of the Board of Directors

Place : Chennai
Date : July 26, 2012

K.K. Nohria
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL AUTOMOTIVE INDUSTRY AND ELECTRIC MOTORS

During 2011, the players in the Global Automotive Industry gained considerable confidence due to the step-up in volumes in 2011 and were courageous to launch new programs related to Electric Motors that would enhance Fuel Efficiency, Emission Control Performance, Safety, Comfort & Convenience in Vehicles.

Although there is expected to be variations in the steadiness of the growth, experts estimate that the size of the Global Vehicle Production will go to about 1100 Lakh Vehicles by 2020 from the present volume levels of ~ 650 Lakh Vehicles.

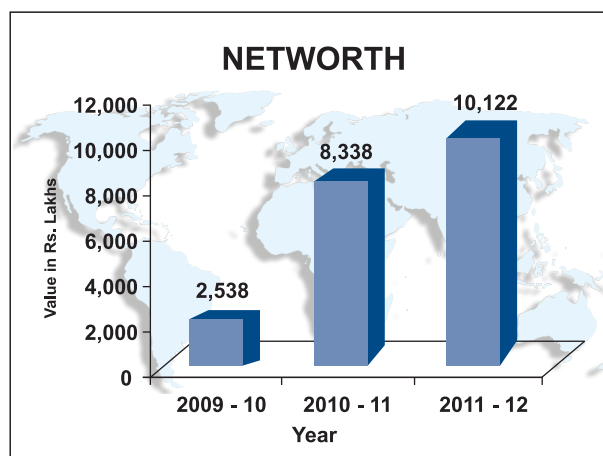
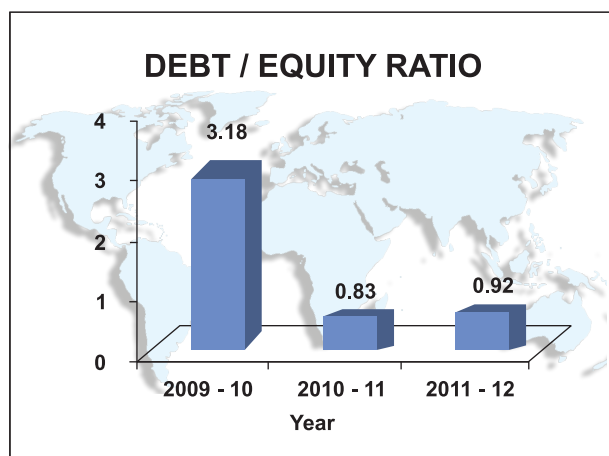
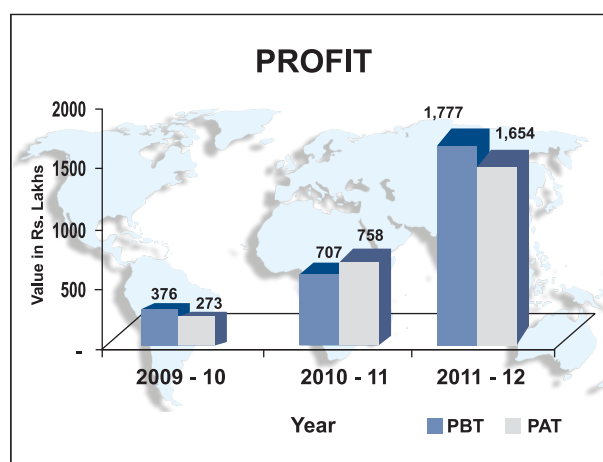
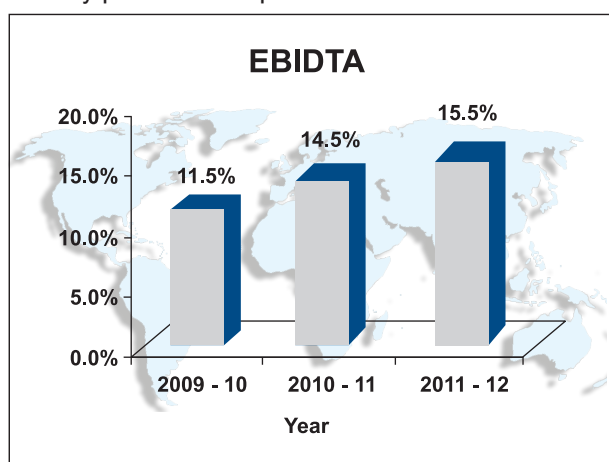
While the growth will be significant, it is interesting to note that the estimate of Electric Vehicles and Hybrid vehicles will comprise 10 % of the market size and the balance growth will be from the current Internal Combustion Engine ('ICE') segment, with significant technology improvements across all areas of vehicle performance.

This shows a big size opportunity for Electric Motors in vehicles and indicates good potential for our Company's Motor developments that have occurred over the last 10 years.

YEAR 2011-12

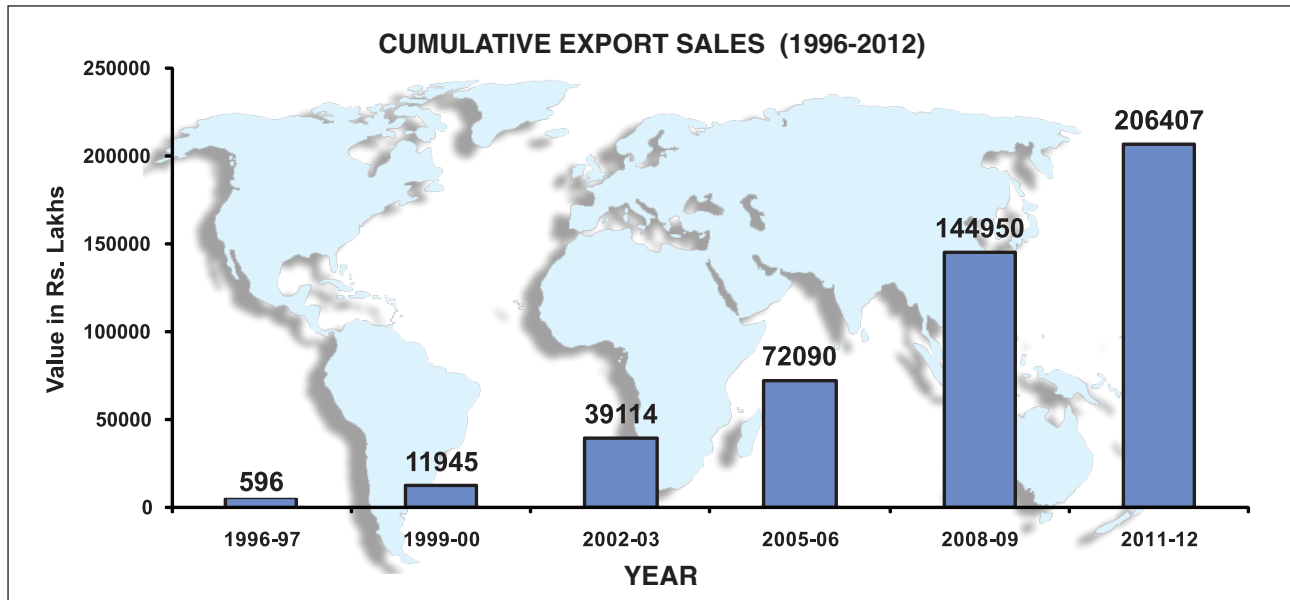
Having taken a very clear view that it is very important to stabilize on Operational and Financial parameters at the beginning of the year, it was a good year for the Company, with a clear visibility of improvements in Sales, Profitability and Debt-Equity Ratio.

The charts below indicate the results over the last three years due to actions taken by the Company to improve the key performance parameters.

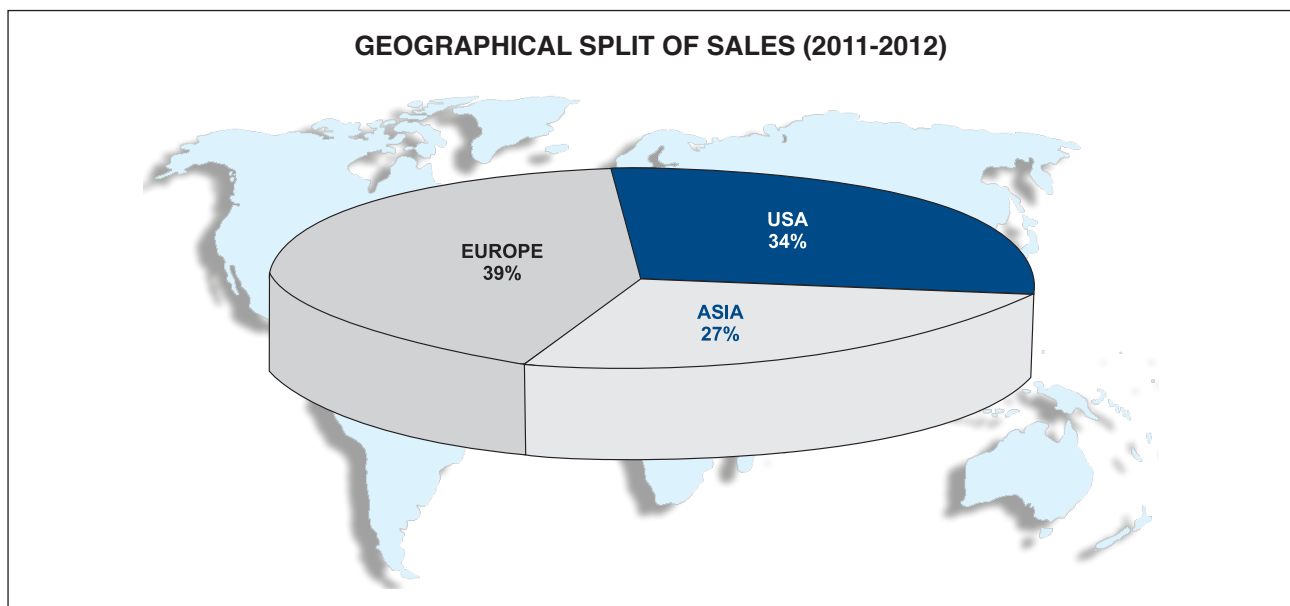


EXPORT SALES AND GEOGRAPHICAL DISTRIBUTION

The Company has populated 4,000 Lakhs pieces since inception in Global Automotive Component Industry valued at over Rs. 206,407 Lakhs as seen in the chart below:



The Geographical split of sales of the Company during the period 2011-12 is represented in chart below.



Both the above indicate the Depth and Width of experience by the Company in the demanding Global Automotive industry-across Geographies.

1. MARKET NICHE:

During the past decade, the Company has been working to find a Global Niche for an important Motor Application in Automobiles in the Engine / Exhaust space for Torque Actuator Motor Applications. It is pertinent to note that demand for such Applications in Vehicles is estimated to grow by over 30 % every year.



Based on the experiences and intense dialogues with players in this Market, the Company sees Torque Actuator Applications in the Engine and Exhaust areas as the relevant space to invest energies and resources. These applications, driving Fuel efficiency and Emission Control in Vehicles, are growing at a much higher rate than the average industry rate. Further, the Company has built robust business for Motors for such applications with Tier-1 Players such as Bosch, Continental, Cooper, Delphi, Magneti Marelli, Pierburg, Visteon, among others and has carved a unique space with about one third of the Global Market share in the specific application of DC Motors for Electronic Throttle Control in vehicle engines.

Leveraging the Application Experience across Vehicle segments, the Company is now with a substantial Order Book for the Torque Actuator Motors which will enable the Sales to double in the next 4 years, save an except, a dramatic turn in the Global Market situation as it happened in 2008.

Large Customers mentioned above, are exposing significant volumes of business to the Company.

It is interesting to note that the size of the Electric Motor Market for Global Automotive Industry is over 15,000 Lakhs units/ year and the Company's share is less than a percent of this.

2. OUR FOCUS:

Analyzing the experiences of the past years and the Market Opportunity, the Management has prioritized three factors to continue travelling the Profitable Growth path viz.,

a) Credible and profitable Long Term Business development:

During the past 2 years, deeper connect with key Tier-1 players in the identified space were established and as a consequence of this, the Company has been nominated as a Strategic Supplier to the Tier-1 players for the Long Term which will ensure Growth and Continuity.

The interactive discussions have also resulted in the Customers understanding the Knowledge and Experience gained in the Torque Actuator Motor space and, this being an important parameter, The Company has been able to explain the value of this to the customers to realize appropriate prices based on the value provided.

b) Strengthening the Financial fundamentals:

As seen from the Debt / Equity ratio in the chart herein above, the financial situation has improved considerably over the past 2 years and Management and Control systems are getting in place to ensure continuous improvements.

c) Strengthening the Organisation and demonstration of Improving Operational performance:

During the years, considerable time was invested in creating higher level of Competence within the Organization by inputting and nurturing an identified group of functional experts to grow into becoming a part of the Management Team to deliver improving performances.

It has become visible during the year under review and is expected to yield better business ratios on the Resources Deployed.

3. RISKS & CONCERNS:

a) Global Auto Industry:

The 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 and continued to do reasonably well in 2011 as well. As it is seen recently, one cannot rule out a slow down due to the Euro Zone and the Global Market slowdown. The Company experienced a very critical situation in 2008 and 2009 and due to this the Company has built the necessary strengths to weather such cycles in a more stable manner. A careful "Watch and Go" policy is in place by the Management Team before committing significant resources on new opportunities and customers are requested to share the risks when adequate clarity does not exist.

Igarashi Motors India Limited

The Product and Market Segment diversification is progressing well and in a couple of years, it would be clearly evident of right mix between Geographies and Product Segments.

b) Insurance:

The Company is exposed to various risks such as Fire Risk, Machinery Break Down Risk, Product Liability Risk, Marine Risk etc. The Company regularly reviews and wherever possible, uses the instrument of insurance to mitigate these risks.

c) Interest rates:

With interest rates going up, the Company's interest burden increased in absolute terms. A part of the borrowings can be substituted by Foreign Currency borrowing as there is a natural hedge due to the Foreign Exchange earning being higher than the Expenditure.

d) Commodity and Exchange Risk:

The Company is exposed to the fluctuations in foreign exchange rates on Exports and Imports. Since about 2/3rd the Materials purchased are imported, there is an Auto hedge mechanism. During the year discussions with Customers were closed for the pass through of the Commodity and Currency variations, thereby closing out on the risks due to these. Based on the past experiences, the Company is quoting prices to all customers with a Currency and Commodity variation clause to derisk itself from these variations.

e) Product Liability, Warranty Claims and Product Recall Risks:

The 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, the 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

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

INTERNAL CONTROL SYSTEMS & ADEQUACY

The 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 & Development helped in the building of an solid 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 26, 2012

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, 2012, 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 2011-12.

2. COMPOSITION OF THE BOARD

As on 31st March, 2012 the Board of Directors comprised the Managing Director and 10 Non-Executive Directors.

During the year, five Board Meetings were held on 26th May 2011, 28th July 2011, 15th September 2011, 9th November 2011 and 25th January 2012. The Company's last Annual General Meeting was held on 15th September 2011.

The particulars of Directors, their attendance during the financial year 2011-2012 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	Directorship	Committees \$
Mr. K.K. Nohria <i>Chairman</i>	Non-Executive Independent	5	Yes	7	5
Mr. P.Mukund <i>Managing Director</i>	Executive	5	Yes	Nil	Nil
Mr. T.Igarashi	Non-Executive Non-Independent	1	No	Nil	Nil
Mr. K.Igarashi	Non-Executive Non-Independent	1	Yes	Nil	Nil
Mr. Keiichi Igarashi	Non-Executive Non-Independent	4	No	Nil	Nil
Mr. C.P.Dusad	Non-Executive Independent	2	No	Nil	Nil
Mr. G.N.Mani	Non-Executive Independent	4	No	Nil	Nil

Igarashi Motors India Limited

Name of Director & Designation	Category	Attendance		Other Board Representations*	
		Board Meetings	Last AGM	Directorship	Committees \$
Dr. A .J.Prasad @	Non-Executive Non-Independent	1	No	2	Nil
Ms. Kavita Prasad @	Non-Executive Non-Independent	4	Yes	4	1
Mr. M.S.S. Srinath @	Non-Executive Non-Independent	2	Yes	2	Nil
Mr. Jacob Mathew @	Non-Executive Independent	2	No	Nil	Nil

* Excluding Directorships in Private and Foreign Companies.

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

@ Appointed as director w.e.f from 28th July 2011.

INFORMATION ABOUT DIRECTORS RETIRING BY ROTATION SEEKING RE-APPOINTMENT

- i) Dr. Kewal Krishan Nohria, age 80 years old, is a Fellow of Institute of Electrical Engineering, UK. He graduated in Electrical Engineering from BHU (Benaras Hindu University) in 1954 and pursued post graduation and Management studies at Manchester Technical College, UK. He was awarded an Honorary D.Litt Degree from Benares Hindu University. He is Fellow of All India Management Association and also Fellow of Indian Value Engineering Society.

He is former CMD (Chairman & Managing Director) of Crompton Greaves Limited and has over 52 years experience in Electrical & Electronics Industry. Post retirement, he is mentoring few CEO's and is an active investor in a few startup companies.

Dr. Nohria is currently Chairman TIET (Thapar Institute of Engineering Technology) University. He is also chairman NRBPT (National Board of Registration & Training of Personnel) under QCI (Quality Council of India). He is also on the Board of IIM – Indore as well as number of Indian Companies.

He is Past President/ Chairman of ASSOCHAM (Association of Chamber of Commerce and Industry), Bombay Chamber of Commerce and Industry, All India Management Association, All India Electrical and Electronics Manufacturers Association, CII (Confederation of Indian Industry) Western Region, amongst others.

He is a recipient of various awards including Lifetime Achievement award for HRD.

Dr. Kewal Krishan Nohria holds 2,33,796 shares in the Company as on 31st March 2012.

- ii) Mr. Jacob Mathew, age 46 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	5	
3.	Particulars of Members	Mr. Jacob Mathew (Chairman) Mr. C.P.Dusad Mr. G.N.Mani Mr. T.Igarashi Mr. K K Nohria Out of five Non-Executive Directors, four directors are also independent Directors.	
4.	No of Meetings held	During the financial year 2011-2012 meetings were held on 26th May 2011, 28th July 2011, 9th November 2011 and 25th January 2012.	
5.	Meeting & Attendance During the Year	Name of the Director	No of Meetings Attended
		Mr. Jacob Mathew @	1
		Mr. C.P.Dusad	2
		Mr. G.N.Mani	4
		Mr. T.Igarashi	1
		Mr. K.K.Nohria	4
6	Functions of the Audit Committee	<ul style="list-style-type: none"> Review of Company's audited financial statements and reports Adequacy of Internal Audit Function and systems 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. Review of Compliance with Accounting standards. 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. Review of Risk Management Policies and Practices. Review financial statements in conformity with Generally Accepted Accounting Principles (GAAP) Review of Statutory Compliance 	

@ Appointed as director w.e.f from 28th July 2011.

The Company Secretary 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.

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 28th July 2011.

Managing Director:

Although the Listing Agreement and the Companies Act, 1956 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 2011-2012 is as under:

Name	Salary	Perquisites	Retirement Benefits	Performance Incentive/ Commission	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mr. P. Mukund Managing Director	48,00,000	23,92,886	-	-	-	71,92,886

During the year, the Company has granted 2,10,700 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 three years period from 01.04.2011 to 31.03.2014 vide letter No.B27077718/4/2011-CL-VII dated 17.05.2012.

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 2011-2012 is as under:

Name of the Director	Sitting Fees Paid Rs.
Mr. K.K. Nohria	25,000
Mr. C.P. Dusad	10,000
Mr. G.N. Mani	20,000
Mr. Jacob Mathew	5,000
Total	60,000



The Promoter-Non Executive & Non Independent Directors viz. Mr. K. Igarashi, Mr. T. Igarashi, Mr. Keiichi Igarashi, Dr. A.J. Prasad, Mr. M.S.S. Srinath and Ms. Kavita Prasad have not been paid any sitting fees.

Independent Directors, Mr. K.K. Nohria holds 2,33,796 shares (1.15%), Mr. C.P.Dusad holds 10,001 shares and Mr. G N Mani holds 10,401 shares in the Capital of the Company.

Mr. K. Igarashi, Mr. T. Igarashi, Mr. Keiichi Igarashi, Dr. A.J. Prasad, Mr. M.S.S. Srinath and Ms. Kavita Prasad have not held any shares individually in the Capital of the Company.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

Particulars of Shareholders' Committee

SI No	Particulars	Details	
1.	Date of Formation	22nd October 2000	
2	No of Directors	4	
3	Name & Designation of Compliance Officer	P. Dinakara Babu Company Secretary	
4.	Particulars of Members	Mr. Jacob Mathew (Chairman) @ Mr. G.N. Mani Mr. C.P. Dusad Mr. T. Igarashi Out of four Non-Executive Directors, three directors are also independent Directors.	
5.	No of Meetings held	During the financial year 2011-2012 meetings were held on the 26th May 2011, 28th July 2011, 9th November 2011 and 23rd January 2012.	
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	1
		Mr. Jacob Mathew	2
7	Functions of the Shareholder's Committee	❖ Review of Investor Redressal Report. ❖ Approval of Share Transfer & Demat. ❖ Review of Secretarial MIS.	

@ Appointed as director w.e.f from 28th July 2011

During the year 2011-2012, the Company received nil complaints from the investors. As on 31st March 2012 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
2010-11	15th September 2011	Satguru Gnanananda Hall, Narada Gana Sabha Trust Complex, Mini Hall, 314, T.T.K Road, Chennai 600018	3.00 P.M.	Re-appointment of Managing Director
2009-10	16th September 2010	Music Academy, Mini Hall 306, T.T.K Road Chennai – 600014	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 – 600014	4.00 P.M.	No Special Resolution

B) Details of Extra-ordinary General Meeting held during the year- None

7. DISCLOSURES

The Company has complied all the requirements relating to related party transactions and the details were reported in Note 28 of the notes forming part of financial statements.

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 as specified under the Companies (Accounting Standards) Rules, 2006 issued by the Central Government (as amended). The significant accounting policies which are consistently applied have been set out in the Notes forming part of the financial statements.

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 the Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

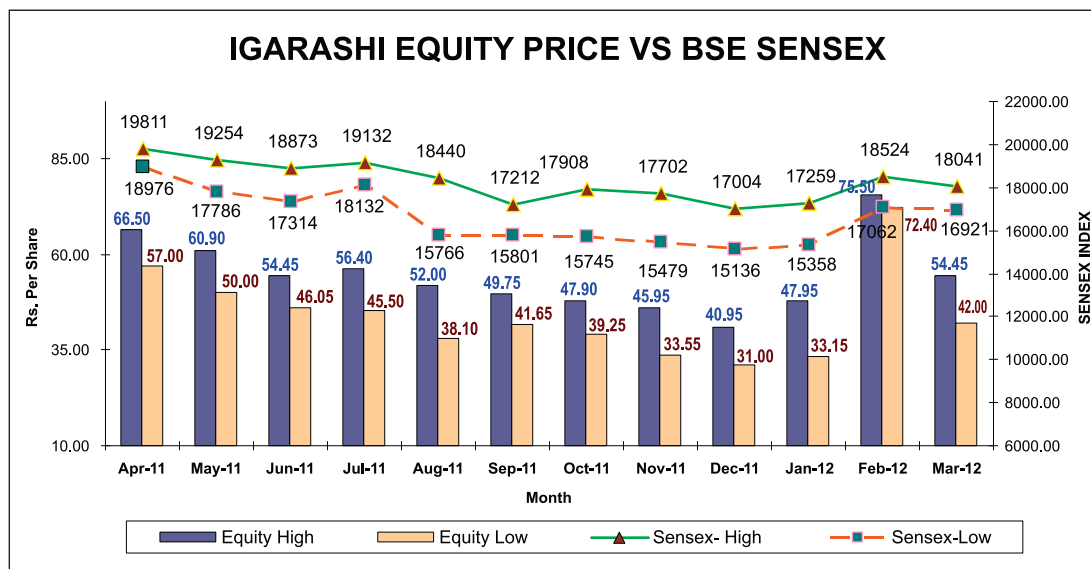
- i. Annual General Meeting
 - Date : 15th September, 2012 at 3.00 P.M.
 - Venue : The Music Academy, Mini Hall, 306, T.T.K. Road, Chennai - 600 014.
- ii. Financial Calendar
 - a) First Quarter Results : 28th July 2011
 - b) Second Quarter Results : 9th November 2011
 - c) Third Quarter Results : 25th January 2012
 - d) Last quarter Results and Annual Audited Results : 24th April 2012
- iii. Date of Book Closure : 10th September, 2012 to 15th September, 2012
- iv. Listing on Stock Exchanges : The Company's shares are listed on Bombay Stock Exchange Limited (BSE), National Stock Exchange Limited (NSE) and Madras Stock Exchange Limited (MSE) but are effectively traded only on the BSE and NSE.
 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 2012-2013 has already been paid.
- vi. Stock Codes:

Sl No	Name of Stock Exchange	Stock Code
1	National stock Exchange	IGARASHI
2	Bombay 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 2011-2012:

Equity Price

BSE		
Month	High (Rs.)	Low (Rs.)
April 2011	66.50	57.00
May 2011	60.90	50.00
June 2011	54.45	46.05
July 2011	56.40	45.50
August 2011	52.00	38.10
September 2011	49.75	41.65
October 2011	47.90	39.25
November 2011	45.95	33.55
December 2011	40.95	31.00
January 2012	47.95	33.15
February 2012	54.45	42.00
March 2012	52.75	41.70

NSE		
Month	High (Rs.)	Low (Rs.)
April 2011	70.00	54.35
May 2011	59.85	50.40
June 2011	56.00	45.60
July 2011	56.25	46.00
August 2011	54.95	37.95
September 2011	53.45	41.40
October 2011	48.80	38.55
November 2011	48.80	35.00
December 2011	41.90	31.05
January 2012	47.50	32.20
February 2012	54.70	43.05
March 2012	52.50	41.15

ix. Registrar and Transfer Agents :

Cameo Corporate Services Ltd

"Subramanian Building",

1, Club House Road

Chennai – 600002

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 1,400.

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 2012

Category (Rs.)	No. of shareholders	% age	No. of shares	% age
Upto 5000	9150	89.40	1230048	6.03
5001 – 10000	593	5.79	499009	2.45
10001 – 20000	238	2.33	370189	1.81
20001 – 30000	77	0.75	196132	0.96
30001 – 40000	47	0.46	168858	0.83
40001 – 50000	41	0.40	195571	0.96
50001 – 100000	45	0.44	324393	1.59
100001 & above	44	0.43	17410182	85.37
Total	10235	100.00	20394382	100.00

Shareholding Pattern as on 31st March 2012

Category	No. of Shares	% of holding
Promoters	1,28,24,225	62.88
Bodies Corporate	39,45,798	19.35
Indian Public		
a) Directors Holding	3,06,520	1.50
b) Public	33,17,839	16.27
Total	2,03,94,382	100.00

Top Ten Shareholders as on 31st March 2012

Sl. No.	Category	No. of Shares	% of holding
1	Agile Electric Drives Technologies and Holdings Private Limited	1,28,24,225	62.88
2	Igarashi Electric Works (H.K) Ltd.	24,99,993	12.26
3	Igarashi Electric works Ltd.	9,67,648	4.74
4	Mr. Kewal Krishan Nohria	2,33,796	1.15
5	Shree Capital Services Ltd.	68,500	0.34
6	Mr. P Mukund	52,322	0.26
7	Mr. Jitendrakumar Phoolchand Arya	47,125	0.23
8	Mr. Kewal Kumar Vohra	45,237	0.22
9	Mr. Sharad Kanayalal Shah	45,000	0.22
10	Newa Investments Pvt.Ltd.	35,342	0.17

Igarashi Motors India Limited

- xii. Dematerialization of shares : Over 98% of equity shares have been dematerialized up to 31 March 2012. Trading in your Company's shares is permitted only in the dematerialized form as per notifications issued by SEBI.
- xiii. Outstanding GDRs/ADRs/
Warrants or any convertible
instruments : Not Applicable
- xiv. Plant Location : Plots B-12 – B-15, Phase II
MEPZ-SEZ, Tambaram,
Chennai 600 045.
- xv. 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 26, 2012

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, 2012 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

P.MUKUND

R.CHANDRASEKARAN

Date : April 24, 2012

Managing Director

Head-Finance

AUDITORS' 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 2012, 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

Firm's Registration No.003792S

L.Vaidyanathan

Partner

Membership No. 16368

Place : Chennai

Date : April 24, 2012

AUDITORS' REPORT TO THE MEMBERS OF IGARASHI MOTORS INDIA LIMITED

We have Audited the accompanying financial statements of Igarashi Motors India Limited ("the Company"), which comprise the balance sheet as at 31st March 2012, the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. 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 give 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, statement of profit and loss 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 31st March 2012, and taken on record by the Board of Directors, we report that no director is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion, and to the best of our information and according to the explanations given to us, the financial statements 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 31st March 2012;
- ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For SHARP & TANNAN

Chartered Accountants
Firm's Registration No.003792S

L.Vaidyanathan

Partner

Membership No. 16368

Place : Chennai
Date : April 24, 2012



ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the auditor's report to the members of Igarashi Motors India Limited on the financial statements for the year ended 31st March 2012, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of all fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified by the management at reasonable intervals 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, in our opinion, 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii) (b), (c) and (d) of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (f) and (g) of the Order are not applicable.
- (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 with respect to purchase of inventory, fixed assets and for the sale of goods. 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.
- (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 into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

Igarashi Motors India Limited

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance to 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 the prevailing market price at the relevant time.
- (vi) The Company has not accepted any deposit from the public within 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 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 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, customs duty, excise duty and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed statutory dues outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax as at 31st March 2012 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 2002-03	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 and sales tax, which have not been deposited on account of any dispute.

- (x) The accumulated losses of the Company as at the end of the financial year are less than fifty percent of its net worth. The Company 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 the repayment of dues to any financial institution or bank 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 in or trader in shares, securities, debentures and other investments. Accordingly, reporting under clause 4(xiv) of the Order does not arise.
- (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 purposes 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 not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly reporting under clause 4(xviii) of the Order does not arise.
- (xix) The Company has not issued debentures during the year and accordingly, no security or charge needs to be created.
- (xx) The Company has not raised any money by way of 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 cases by the management.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.003792S

L.Vaidyanathan
Partner
Membership No. 16368

Place : Chennai
Date : April 24, 2012

Igarashi Motors India Limited

BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at 31.03.2012		As at 31.03.2011	
		Rupees	Rupees	Rupees	Rupees
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share capital	2	203,943,820		203,743,820	
(b) Reserves and Surplus	3	808,218,497		630,047,219	
			1,012,162,317		833,791,039
Non-current liabilities					
(a) Long-term borrowings	4	414,494,780		150,225,495	
(b) Deferred tax liabilities (Net)	5	82,505,746		87,501,910	
			497,000,526		237,727,405
Current liabilities					
(a) Current maturities of long term borrowings	6	112,491,603		335,094,748	
(b) Short-term borrowings	7 (a)	313,239,905		120,467,291	
(c) Trade payables	7 (b)	453,715,584		354,619,732	
(d) Other current liabilities	7 (c)	63,699,165		156,104,380	
(e) Short-term provisions	7 (d)	29,186,438		10,762,144	
			972,332,695		977,048,295
			<u>2,481,495,538</u>		<u>2,048,566,739</u>
ASSETS					
Non-current assets					
(a) Fixed assets	8				
(i) Tangible assets		1,057,412,534		842,236,369	
(ii) Intangible assets		7,395,432		13,650,354	
(iii) Capital work-in-progress		57,294,021		888,686	
(iv) Intangible assets under development		7,056,207		10,112,867	
			1,129,158,194		866,888,276
(b) Non-current investments	9		286,164,900		286,164,900
(c) Long term loans and advances	10		22,768,087		35,137,524
Current assets					
(a) Inventories	11	163,699,074		182,250,055	
(b) Trade receivables	12	567,840,866		300,562,188	
(c) Cash and bank balances	13	61,374,187		55,241,021	
(d) Short term loans and advances	14	250,490,230		322,322,775	
			1,043,404,357		860,376,039
			<u>2,481,495,538</u>		<u>2,048,566,739</u>
Contingent liabilities and commitments	15				
Significant accounting policies	1				

The accompanying notes form an integral part of the financial statements

As per our report attached

for **SHARP & TANNAN**

Chartered Accountants

Firm's Registration No.003792S

L. Vaidyanathan

Partner

Membership No. 16368

P. Mukund

Managing Director

A.J. Prasad

Director

Keiichi Igarashi

Director

K.K. Nohria

Chairman

Kavita Prasad

Director

Jacob Mathew

Director

R. Chandrasekaran

Head - Finance

K.Igarashi

Director

M.S.S. Srinath

Director

G.N. Mani

Director

Place : Chennai

Date : April 24, 2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note	2011-2012	2010-2011
		Rupees	Rupees
REVENUE			
Revenue from operations	16	2,690,183,093	1,968,806,351
Less: Excise duty		4,891,823	1,179,385
		2,685,291,270	1,967,626,966
Other income	17	10,379,247	4,083,680
Total Revenue		<u>2,695,670,517</u>	<u>1,971,710,646</u>
EXPENSES			
Manufacturing, trading and operating expenses	18		
a) Cost of materials consumed		1,746,975,122	1,277,230,801
b) Changes in inventories of finished goods and work-in-progress		(14,832,104)	(372,914)
c) Purchase of trading goods		85,222,336	108,370,821
d) Other manufacturing and operating expenses		215,093,230	143,895,182
		2,032,458,584	1,529,123,890
Employee benefit expenses	19	131,991,395	87,501,925
Finance costs	20	136,785,950	105,028,972
Depreciation, amortisation and obsolescence	21	111,938,595	105,326,189
Selling, administration and other expenses	22	104,833,362	74,062,715
Total Expenses		<u>2,518,007,886</u>	<u>1,901,043,691</u>
Profit before taxes		177,662,631	70,666,955
Tax Expense			
Current Tax	7(g)	17,245,047	-
Deferred Tax	5	(4,996,164)	(5,168,561)
Profit after taxes		<u>165,413,748</u>	<u>75,835,516</u>
Earnings per share	30		
Basic		8.11	5.04
Diluted		8.10	4.92
Face value per equity share		10.00	10.00
Significant accounting policies	1		

The accompanying notes form an integral part of the financial statements

As per our report attached
for **SHARP & TANNAN**

Chartered Accountants
Firm's Registration No.003792S

L. Vaidyanathan
Partner
Membership No. 16368

P. Mukund
Managing Director

A.J. Prasad
Director

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Chairman

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Jacob Mathew
Director
R. Chandrasekaran
Head - Finance

K.Igarashi
Director

M.S.S. Srinath
Director

G.N. Mani
Director

Place : Chennai
Date : April 24, 2012

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note 1 - Significant Accounting Policies

a) Basis of presentation

The Company maintains its accounts on accrual basis following the historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government. However, certain escalation and other claims are accounted for in terms of contracts with the customers / admitted by the appropriate authorities.

b) Use of estimates

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.

c) Revenue recognition

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

- i. Revenue from sale of products is recognised when the substantial risks and rewards of ownership of the products are transferred to the customer under the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products. 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.
- ii. Interest income on deposits and loans is recognised at the agreed rate on time proportion basis.
- iii. Other items of income are accounted as and when the right to receive arises.

d) Fixed assets

- i. Fixed assets are stated at original cost net of tax/ duty credits availed, if any, less accumulated depreciation, accumulated amortisation and cumulative impairment.
- ii. Administrative and other general overhead expenses that are directly 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.

e) Depreciation

- i. Owned assets:

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 and welfare assets used by the employees, which are being depreciated



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

at the rate of 20% on straight-line method and assets costing less than Rs.5,000/- are depreciated fully in the year of purchase.

Depreciation charge for 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.

ii. Leased assets:

Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated at the rates prescribed under Schedule XIV to the Companies Act, 1956 or at higher rates adopted by the Company for similar assets.

f) Intangible assets and amortisation

Product development expenses on new products are capitalized as intangible asset, if all of the following can be demonstrated:

- i. The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. The Company has intention to complete the intangible asset and use or sell it;
- iii. The Company has the ability to use or sell the intangible asset;
- iv. The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
- v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. The Company has ability to measure the expenditure attributable to the intangible asset during its development reliably;

Other development costs that do not meet the above criteria are expensed in the period in which they are incurred.

Product Development expenses on new products are amortized over a period of 60 months from the date of commencement of commercial production of the relevant product.

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.

g) Impairment of assets

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.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Recoverable amount is determined:

- a) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- b) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

h) Investments

Each category / item of investment is valued as follows:

- i. Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is "other than temporary" in nature.
- ii. Current investments are carried at lower of cost or fair value.

The determination of carrying value of such investments is done on the basis of weighted average cost of each individual investment.

i) 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 cost of raw material and components including appropriate production overheads and net realizable value
Finished goods	: At lower of cost and net realizable value. Cost includes raw materials, components and related overheads

j) Employee stock ownership schemes

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.

k) Leases

- i. 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.



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

ii. 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 the Statement of Profit and Loss on accrual basis.

l) Foreign Currency Transactions

- i. The reporting currency of the Company is Indian Rupee.
- ii. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- iii. Exchange differences that arise on settlement of monetary items or on reporting of the Company's monetary items at each balance sheet date at the closing rate are recognised as income or expense in the period in which they arise.

m) Employee Benefits

i. 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.

ii. Post-employment benefits:

a. 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 are recognized during the period in which the employee renders the related service.

b. 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. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government Securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Actuarial gains and losses are recognized immediately in the Statement of 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.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

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.

n) **Taxes on income**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments / appeals.

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.

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.

o) **Provisions, contingent liabilities and contingent assets**

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

- i. the company has a present obligation as a result of a past event,
- ii. a probable outflow of resources is expected to settle the obligation; and
- iii. 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

- i. present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- ii. a present obligation arising from past events, when no reliable estimate is possible;
- iii. a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are neither recognized, nor disclosed.

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



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2 Share capital

	As at 31.03.2012		As at 31.03.2011	
	Numbers	Rupees	Numbers	Rupees
Authorised capital:				
Equity shares of Rs 10/- each	<u>22,000,000</u>	<u>220,000,000</u>	<u>22,000,000</u>	<u>220,000,000</u>
Issued, subscribed and paid up:				
Equity shares of Rs 10/- each fully paid up	<u>20,394,382</u>	<u>203,943,820</u>	<u>20,374,382</u>	<u>203,743,820</u>

a) Reconciliation of shares outstanding at the beginning and at the end of the year

	2011 - 2012		2010 - 2011	
	Numbers	Rupees	Numbers	Rupees
Subscribed and fully paid up:				
At the beginning of the year	<u>20,374,382</u>	<u>203,743,820</u>	<u>13,874,382</u>	<u>138,743,820</u>
Issued during the year - preferential allotment	-	-	6,500,000	65,000,000
Issued during the year - Employees stock option Plan [Refer note 3(a)]	<u>20,000</u>	<u>200,000</u>	-	-
At the end of the year	<u>20,394,382</u>	<u>203,943,820</u>	<u>20,374,382</u>	<u>203,743,820</u>

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share. All shares issued carry equal rights for dividend declared by the Company and there are no restrictions attached for any specific shareholder.

c) Shares held by the holding company

	As at 31.03.2012		As at 31.03.2011	
	Numbers	Rupees	Numbers	Rupees
Agile Electric Drives Technologies and Holdings Private Limited, the Holding Company Equity shares of Rs 10/- each fully paid up	<u>12,824,225</u>	<u>128,242,250</u>	<u>12,824,225</u>	<u>128,242,250</u>

d) Details of share holders holding more than 5% of equity shares in the Company.

	As at 31.03.2012		As at 31.03.2011	
Name of shareholder	Numbers	% holding	Numbers	% holding
Agile Electric Drives Technologies and Holdings Private Limited	<u>12,824,225</u>	<u>62.88</u>	<u>12,824,225</u>	<u>62.94</u>
Igarashi Electric Works (H.K) Limited, Hong Kong	<u>2,499,993</u>	<u>12.26</u>	<u>2,499,993</u>	<u>12.27</u>

e) The Company has not bought back any shares or issued shares for consideration other than cash or issued bonus shares during the five years immediately preceding the date of Balance Sheet.

f) Shares reserved for issue under options

	As at 31.03.2012	As at 31.03.2011
Employees Stock options granted and outstanding (Number of equity shares to be issued as fully paid)	<u>965,700</u>	<u>750,000</u>

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
3 Reserves and surplus

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
Securities premium account				
As per last Balance Sheet	814,344,940		383,394,940	
Add: Additions on preferential issue	-		430,950,000	
Add: Additions on ESOPs exercised	603,000		-	
Add: Transfer from Stock options outstanding	538,600		-	
		815,486,540		814,344,940
Share options outstanding account				
Employees stock options outstanding				
As per last Balance Sheet	20,197,500		-	
Add: Additions during the year	801,380		20,197,500	
Less: Allotment of shares	538,600		-	
	20,460,280		20,197,500	
Less : Deferred employee compensation expense				
As per last Balance Sheet	12,007,829		-	
Additions during the year	801,380		20,197,500	
Less: Amortisation during the year	12,154,530		8,189,671	
	654,679		12,007,829	
		19,805,601		8,189,671
Surplus / (deficit) in the Statement of Profit & Loss				
As per last Balance Sheet	(192,487,392)		(268,322,908)	
Profit for the year	165,413,748		75,835,516	
		(27,073,644)		(192,487,392)
		808,218,497		630,047,219

a) Employee Stock Option Scheme:

- The Company has obtained approval of share holders through postal ballot on 08th January, 2011 for grant of 1,250,000 options under the Employees Stock Option Plan, 2006 to its employees and Directors. The Company had granted 235,700 options during the year (previous year 750,000 options), 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.
- The grant of options to the employees under the employee stock option schemes is on the basis of their performance and other eligibility criteria. The options are vest equally over a period of one year, subject to the discretion of the management and fulfillment of certain conditions.



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

iii) The details of grants under the aforesaid schemes are summarised below:

		ESOP, 2006	
		2011-12	2010-11
1	Grant price - Rupees	40.15	40.15
2	Grant date	27-Jan-12	27-Aug-10
3	Vesting date	27-Jan-13	27-Aug-11
4	Option granted and outstanding at the beginning of the year	750,000	-
5	Options lapsed / withdrawn during the year	-	-
6	Options granted during the year	235,700	750,000
7	Options exercised during the year	20,000	-
8	Options granted and outstanding at the end of the year	965,700	750,000
	of which -		
	Options vested	730,000	-
	Options yet to vest	235,700	750,000

iv) During the year, the Company has amortised proportionate employee stock based compensation expense amounting to Rs. 12,154,530/- (previous year Rs. 8,189,671/-) which has been included in Employee benefit expenses.

4 Long term borrowings

	As at 31.03.2012	As at 31.03.2011
	Rupees	Rupees
Secured		
(i) Term loans from banks	199,375,000	112,500,000
(ii) Working capital term loans from banks	167,500,000	10,000,000
Unsecured		
(i) Finance lease obligations [Refer note 29(a)]	46,662,146	26,478,444
(ii) Vehicle loan	957,634	1,247,051
	414,494,780	150,225,495

Terms and conditions of Long term borrowings

Secured loans

- (i) Term loans from banks are repayable in sixteen quarterly installments from March 31, 2012.
- (ii) Working capital term loans from banks are repayable in twenty quarterly installments from March 31, 2012.

Term loan and Working capital term loan from banks are secured by, first pari-passu charge on all fixed assets of the Company, both present and future, excluding leasehold land and second pari-passu charge on all current assets of the Company, both present and future.

Unsecured loans

- (i) Finance lease obligations are repayable in sixty equated monthly installments from the date of respective lease finance.
- (ii) Vehicle loans are repayable in sixty equated monthly installments from the date of respective vehicle loan and are secured by charge of the related vehicles.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
5 Deferred tax liabilities

Major Components of Deferred tax :

	As at 31.03.2012		As at 31.03.2011	
	Rupees		Rupees	
	Deferred Tax Assets (a)	Deferred Tax Liabilities (b)	Deferred Tax Assets (a)	Deferred Tax Liabilities (b)
Difference between book depreciation and tax depreciation		83,886,262		88,692,669
Provision for unpaid bonus, gratuity and leave encashment debited to the Statement of Profit and Loss	1,380,516		1,190,759	
	1,380,516	83,886,262	1,190,759	88,692,669
Deferred tax liability (net) [(b) - (a)]		82,505,746		87,501,910
Net increase / (decrease) in deferred tax liability charged / (credited) to Statement of Profit and Loss		(4,996,164)		(5,168,561)

6 Current maturities of long term borrowings

	As at 31.03.2012	As at 31.03.2011
	Rupees	Rupees
Secured		
(i) Term loans from banks	65,625,000	311,500,000
(ii) Working capital term loan from banks	37,500,000	20,000,000
Unsecured		
(i) Finance lease obligations [Refer note 29(a)]	9,077,184	3,333,407
(ii) Vehicle loan	289,419	261,341
	112,491,603	335,094,748

Note : Refer note no.4 supra for terms and conditions of the above borrowings.



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

7 Current liabilities

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
(a) Short term borrowings				
Secured				
Packing credit/Buyers Credit from banks [Note 7(e)]		313,239,905		120,467,291
(b) Trade payables				
Due to -				
Micro and small enterprises [Note 7 (f)]		-		-
Fellow subsidiary	91,917,153		49,865,004	
Other than micro and small enterprises	361,798,431		304,754,728	
		453,715,584		354,619,732
(c) Other current liabilities				
Interest accrued and due on loans	207,945		2,259,738	
Interest accrued but not due on loans	1,720,828		376,548	
Advance received from customers	21,328,803		107,182,577	
Unpaid dividend	861,105		1,072,552	
Liability for capital goods	10,734,962		33,199,839	
Liability for expenses	26,059,113		10,387,295	
Tax deducted at source	1,427,763		509,407	
Sales tax payable	1,016,577		602,691	
Other statutory liabilities	342,069		513,733	
		63,699,165		156,104,380
(d) Short term provisions				
Employee benefits [Refer Note 26]				
Gratuity	2,712,274		3,026,861	
Leave encashment	1,493,834		-	
	4,206,108		3,026,861	
Taxes (earlier years) [net of advance tax Rs. 10,644,931/- (previous year Rs.10,644,931/-)]	7,735,283		7,735,283	
Taxes (current year) [Notes 7(g) and 7(h)]	17,245,047		-	
		29,186,438		10,762,144
		859,841,092		641,953,547
(e)	Working capital loans in the nature of packing credit and buyer's credit are repayable within one year. They are secured by first pari-passu charge on all current assets of the Company, both present and future and second pari-passu charge on all fixed assets of the Company both present and future, excluding leasehold land, after term loans. The charge also extends to bills discounted amounting to Rs. 94,787,190/- (Previous Year Rs. 83,406,368/-).			
(f)	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. Accordingly, disclosing details of overdue principal and interest thereon does not arise.			
(g)	The Company does not have taxable income under the conventional method of computation of income. Provision for Current tax represents Minimum Alternate Tax under section 115JB of the Income tax Act, 1961.			
(h)	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.			

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
8 Fixed assets

(Figures in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION / OBSOLESCENCE			NET BLOCK	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 31.03.2011	For the year deductions	Upto 31.03.2012	As at 31.03.2012
i) Tangible assets								
Buildings								
Owned [Refer Note (v) below]	165,466,963	49,757,449	-	215,224,412	28,935,300	5,369,779	34,305,079	180,919,333
Plant and equipment								
Owned	1,036,791,332	256,240,939	67,725,229	1,225,307,042	403,143,605	88,166,793	431,726,501	793,580,541
Taken on lease	49,309,374	15,948,357	-	65,257,731	10,024	4,603,570	4,613,594	60,644,137
Office equipment								
Owned	7,975,109	343,890	-	8,318,999	2,338,667	287,169	2,625,836	5,693,163
Furniture and fixtures								
Owned	26,522,468	4,039,018	1,716,775	28,844,711	12,333,857	3,803,309	14,446,779	14,397,932
Vehicles								
Owned	5,010,344	-	1,527,931	3,482,413	2,077,768	360,388	1,304,985	2,177,428
Total tangible assets	1,291,075,590	326,329,653	70,969,935	1,546,435,308	448,839,221	102,591,008	489,022,774	1,057,412,534
Previous year	1,165,039,613	137,727,672	11,691,695	1,291,075,590	367,995,106	86,854,277	448,839,221	- 842,236,369
ii) Capital work in progress	888,685	57,294,021	888,685	57,294,021	-	-	-	888,686

Particulars	COST			AMORTISATION / OBSOLESCENCE			NET BLOCK	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 31.03.2011	For the year deductions	Upto 31.03.2012	As at 31.03.2012
iii) Intangible assets								
Product development expenses	53,429,466	-	-	53,429,466	39,779,112	6,254,922	46,034,034	7,395,432
Total Intangible assets	53,429,466	-	-	53,429,466	39,779,112	6,254,922	46,034,034	7,395,432
Previous year	54,983,299	10,336,526	11,890,359	53,429,466	33,197,559	10,599,634	39,779,112	- 13,650,354
iv) Intangible assets under development [Refer Note (vi)]	10,112,867	-	3,056,660	7,056,207	-	-	-	10,112,867

v) Factory building has been constructed on land taken on lease from May 1, 1991 for a period of fifteen years from Madras Export Processing Zone (MEPZ) and monthly rent paid has been recognised as an expense in the statement of Profit and Loss. The said lease has since been renewed for a further period of five years from May 2, 2011 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.

vi) Deduction of Intangible assets under development represents amounts written off as obsolescence on account of discontinuance of the product development.

vii) Impairment of assets

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 of fixed assets is more than the amount carried in the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

9 Non-current investments

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
At cost unless otherwise specified		
Unquoted Trade Investments		
Investments in equity instruments		
Fully paid equity shares in fellow subsidiary company:		
Agile Electric Sub Assembly Private Limited (2,451,900 Equity Shares of Rs. 10/- each)	74,300,000	74,300,000
Fully paid equity shares of other companies:		
Bosch Electrical Drives India Private Limited (2,118,649 Equity Shares of Rs. 100/- each)	211,864,900	211,864,900
	286,164,900	286,164,900
a) Aggregate amount of unquoted non-current investments		
Book value	286,164,900	286,164,900

Note : Bosch Electric Drives India Private Limited ceased to be an Associate Company during the year 2011-12.

10 Long term loans and advances

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
Unsecured, considered good		
Capital advances	3,757,288	17,816,291
Security deposits	19,010,799	17,321,233
	22,768,087	35,137,524

Igarashi Motors India Limited

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Current assets

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
11 Inventories :				
[Refer Note no.1 (i) for mode of valuation]				
Raw materials and components		105,914,022		140,258,746
[Goods in transit Rs.Nil (Previous year Rs.Nil)]				
Stores and spares		22,454,959		21,493,320
[Goods in transit Rs.Nil (Previous year Rs.Nil)]				
Work-in-progress		24,764,015		15,436,327
Finished goods		10,566,078		5,061,662
		<u>163,699,074</u>		<u>182,250,055</u>
12 Trade receivables :				
Unsecured				
Debts outstanding for more than six months				
Considered good		1,496,736		2,589,789
Other debts				
Considered good		566,344,130		297,972,399
		<u>567,840,866</u>		<u>300,562,188</u>
13 Cash and cash bank balances				
(i) Cash and cash equivalents				
Balance with banks on current accounts	27,523,948		26,459,907	
Cash on hand	-		-	
		<u>27,523,948</u>		<u>26,459,907</u>
(ii) Other bank balances				
Unpaid dividend accounts	861,106		1,072,552	
Bank deposits with maturity of more than three months but less than twelve months	-		1,207,183	
Margin money deposit [including interest accrued thereon Rs.798,029/- (previous year Rs.436,039/-)]	32,989,133		26,501,379	
		<u>33,850,239</u>		<u>28,781,114</u>
		<u>61,374,187</u>		<u>55,241,021</u>



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
14 Short term loans and advances :		
Unsecured, considered good:		
Inter-Corporate deposit [Including interest accrued thereon Rs. Nil /- (previous year Rs. 78,904/-)]	-	90,078,904
Advances to fellow subsidiary	170,724,882	178,153,454
Advance income taxes	12,724,987	12,279,566
Advances recoverable in cash or in kind or for value to be received	65,491,342	40,736,167
Balance with customs and excise	1,549,019	1,074,684
	250,490,230	322,322,775
15 Contingent liabilities and commitments		
a) Contingent Liabilities :		
1 Bills discounted	94,787,190	83,406,368
2 Income tax liability that may arise in respect of matters on appeal	10,164,183	10,164,183
3 Employees State Insurance demand on dues for trainees	2,434,404	2,434,404
4 Guarantees given on behalf of fellow subsidiary company	1,100,100,000	1,060,100,000
b) Other details regarding contingent liabilities		
The Company does not expect any reimbursement in respect of the above contingent liabilities except bills discounted.		
It is not practicable to estimate the timing of outflows, if any, in respect of matters at (a) (2) and (3) above, pending resolution of the appellate proceedings.		
c) Commitments		
	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
1 Estimated amount of contracts remaining to be executed on capital account and not provided for	19,932,320	158,522,137

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
16 Revenue from operations

	2011 - 2012		2010 - 2011	
	Rupees	Rupees	Rupees	Rupees
Sale of products				
Finished goods				
Exports		2,554,427,713		1,850,399,548
Domestic	49,088,142		7,405,422	
Less: Excise duty	4,891,823		1,179,385	
		44,196,319		6,226,037
Trading sales - Deemed exports		86,667,238		111,001,381
		2,685,291,270		1,967,626,966
Details of products sold				
Electric Micro Motors		2,230,548,862		1,641,522,337
Others including trading sales (Refer Note below)		454,742,408		326,104,629
		2,685,291,270		1,967,626,966

Note: Others represents sale of Drawn parts, stamping and sub assembly and trading sales.

17 Other income

	2011-2012		2010 - 2011	
	Rupees	Rupees	Rupees	Rupees
Interest income on				
Bank deposits	2,578,775		1,408,700	
Inter corporate deposits	2,734,426		78,904	
		5,313,201		1,487,604
Exchange gain (net)		2,746,664		-
Profit on sale of fixed assets		131,196		186,551
Scrap sales-others		2,188,186		2,409,525
		10,379,247		4,083,680



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

18 Manufacturing, trading and operating expenses

	2011-2012		2010 - 2011	
	Rupees	Rupees	Rupees	Rupees
(a) Cost of materials consumed:				
Raw materials and components consumed:				
Opening stock	140,258,746		91,652,652	
Add: Purchases	1,671,773,637		1,294,604,051	
	<u>1,812,032,383</u>		<u>1,386,256,703</u>	
Less : Closing stock	<u>105,914,022</u>		<u>140,258,746</u>	
		1,706,118,361		1,245,997,957
Less: Scrap sales		<u>39,666,673</u>		<u>27,171,958</u>
		<u>1,666,451,688</u>		<u>1,218,825,999</u>
Stores and spares consumed				
Opening stock	21,493,320		24,710,970	
Add: Purchases	81,485,073		55,187,152	
	<u>102,978,393</u>		<u>79,898,122</u>	
Less : Closing stock	<u>22,454,959</u>		<u>21,493,320</u>	
		80,523,434		58,404,802
		<u>1,746,975,122</u>		<u>1,277,230,801</u>
(b) Changes in inventories of finished goods and work-in-progress:				
Closing stock :				
Finished goods	10,566,078		5,061,662	
Work-in-progress	24,764,015		15,436,327	
	<u>35,330,093</u>		<u>20,497,989</u>	
Less: Opening 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>	
		(14,832,104)		(372,914)
		<u>1,732,143,018</u>		<u>1,276,857,887</u>
(c) Purchase of trading goods		85,222,336		108,370,821
(d) Other manufacturing and operating expenses:				
Direct expenses		135,458,386		84,441,439
Power and fuel		35,874,499		27,103,036
Repairs to				
Plant and machinery	39,404,662		29,514,172	
Building	<u>4,355,683</u>		<u>2,836,535</u>	
		43,760,345		32,350,707
		<u>215,093,230</u>		<u>143,895,182</u>
		<u>2,032,458,584</u>		<u>1,529,123,890</u>

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
(e) Disclosure of raw materials, components, stores and spares consumed

	2011-12	2010-2011
	Rupees	Rupees
(i) Ferrous materials	477,742,064	407,847,826
(ii) Non-ferrous materials	157,627,748	161,661,883
(iii) Resin	36,755,897	23,127,429
(iv) Commutator	165,381,464	101,599,621
(v) Magnet	110,809,717	93,563,518
(vi) Brush	99,844,594	71,821,906
(vii) Ball bearing	138,376,962	93,910,213
(viii) Sintered parts	133,410,378	100,759,935
(ix) Adhesives	36,369,298	23,048,677
(x) Chemicals	14,938,596	9,987,884
(xi) Oil	4,108,940	2,655,089
(xii) Others	371,609,464	187,246,820
	1,746,975,122	1,277,230,801

(f) Analysis of raw materials, components, stores and spares consumed

Category	2011-2012		2010-2011	
	% of total Consumption	Value (Rs.)	% of total Consumption	Value (Rs.)
Imported	85.29	1,490,040,646	85.83	1,096,237,310
Indigenous	14.71	256,934,476	14.17	180,993,491
Total	100.00	1,746,975,122	100.00	1,277,230,801



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012	As at 31.03.2011
	Rupees	Rupees
(g) Details of inventory		
1) Raw materials and components:		
(i) Ferrous materials	24,730,100	26,141,314
(ii) Non-ferrous materials	8,119,304	16,512,904
(iii) Resin	4,849,357	579,789
(iv) Commutator	6,266,168	15,472,726
(v) Magnet	4,077,854	10,457,259
(vi) Brush	7,487,752	9,703,972
(vii) Ball bearing	6,354,158	9,524,819
(viii) Sintered parts	11,819,374	18,573,821
(ix) Others	32,209,955	33,292,142
	105,914,022	140,258,746
2) Stores and spares:		
(i) Adhesives	1,800,810	2,654,849
(ii) Chemicals	657,785	2,242,718
(iii) Oil	517,247	304,379
(iv) Others	19,479,117	16,291,374
	22,454,959	21,493,320
3) Work-in-progress:		
(i) Electric Micro Motors	21,364,848	13,426,082
(ii) Others (Refer Note below)	3,399,167	2,010,245
	24,764,015	15,436,327
Note: Others represents work in progress of drawn parts, stamping and sub assembly.		
4) Finished goods:		
(i) Electric Micro Motors	10,566,078	4,994,648
(ii) Sub assembly	-	67,014
	10,566,078	5,061,662

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	2011 - 2012 Rupees	2010 - 2011 Rupees
19 Employee benefit expenses		
Salaries, wages and bonus	85,358,572	57,353,034
Contribution to Provident Fund, Gratuity Fund and Leave Encasement [Refer Note 26]	7,596,420	5,865,861
Expenses on Employees Stock Option Scheme	12,154,530	8,189,671
Welfare and other expenses	26,881,873	16,093,359
	131,991,395	87,501,925
20 Finance costs		
Interest -		
On fixed loans	66,022,773	37,456,592
On working capital loans	31,621,391	62,419,734
On finance lease	5,433,324	505,448
Other borrowing costs	14,880,000	5,171,822
Exchange loss / (gain) on borrowings	18,828,462	(524,624)
	136,785,950	105,028,972
21 Depreciation, amortisation and obsolescence		
Depreciation	102,591,008	86,854,277
Amortisation	6,254,922	10,599,634
Obsolescence	3,092,665	7,872,278
	111,938,595	105,326,189



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	2011 - 2012	2010 - 2011
	Rupees	Rupees
22 Selling, administration and other expenses		
Rent	2,477,504	2,561,099
Rates, taxes and fees	1,224,034	2,212,575
Insurance	3,773,968	4,756,687
Travel and conveyance	21,050,425	18,886,343
Telephone, postage and telegrams	2,416,304	1,889,360
Recruitment and training	491,736	314,775
Printing and stationery	3,611,004	2,169,448
Bank charges	17,870,157	12,861,273
Professional charges	16,061,665	7,230,996
Selling and forwarding expenses	18,406,709	7,173,912
Exchange loss (net)	-	943,573
Estate maintenance	11,757,351	7,974,195
Miscellaneous expenses	5,692,505	5,088,479
	104,833,362	74,062,715

Note: The above expenses include Auditor's remuneration and expenses charged to the statement of profit and loss as detailed below:

	2011 -2012	2010 - 2011
	Rupees	Rupees
Statutory Audit fees	600,000	600,000
Tax audit fees	75,000	50,000
Limited review certification fees	45,000	45,000
Certification fees	27,000	37,000
Reimbursement of expenses	-	23,541
	747,000	755,541

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	2011 - 2012	2010 - 2011
	Rupees	Rupees
23 Value of imports (on C.I.F.basis)		
(i) Raw material [includes purchases from units in SEZ of Rs.156,181 /-(previous year Rs.3,629,557/-)]	341,702,572	195,526,470
(ii) Components, stores & spares [includes purchases from units in SEZ of Rs.333,566,566/-(previous year Rs.248,001,793/-)]	1,278,302,582	984,088,128
(iii) Capital goods [includes purchases from units in SEZ of Rs. 47,289,716/-(previous year Rs.92,138,617/-)]	219,529,809	117,034,438
24 Expenditure in foreign currency		
(i) Foreign travel	1,399,006	1,181,438
(ii) Professional fees	18,893	-
(iii) Sub-contract charges	280,108	646,956
(iv) Interest expenses	1,548,845	-
25 Earnings in foreign currency		
Export of goods calculated on F.O.B. basis	2,628,170,148	1,850,435,327
[includes deemed exports of Rs. 321,109,349/- (previous year Rs. 209,482,100)]		

26 Employee benefits
(i) Defined benefit plans

Provision for Gratuity and Leave encashment represents provision made as per Actuarial valuation report dated April 10, 2012

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

Particulars	Leave Encashment		Gratuity Plan	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
i Present Value of Defined Benefit Obligation				
- Wholly funded	6,681,443	4,502,070	11,617,474	9,123,550
- Wholly Unfunded	-	-	-	-
Less: Fair value of Plan Assets:	(5,187,609)	(4,759,274)	(8,905,200)	(6,096,689)
Unrecognised Past Service Costs	-	-	-	-
Amount to be recognised as liability /(asset)	1,493,834	(257,204)	2,712,274	3,026,861
ii Amounts reflected in the Balance Sheet				
Liabilities	6,681,443	4,502,070	11,617,474	9,123,550
Assets	(5,187,609)	(4,759,274)	(8,905,200)	(6,096,689)
Net liability / (asset)	1,493,834	(257,204)	2,712,274	3,026,861
Note: Assets are not recognised in the Balance Sheet				



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

26 Employee benefits (Continued)

b) The amounts recognised in the Statement of Profit and Loss are as follows :

Amount in Rs.

Particulars	Leave Encashment		Gratuity Plan	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Current service cost	980,369	305,557	1,618,442	800,250
Interest Cost	360,166	321,804	716,209	467,208
Less: Expected return on plan assets	(442,896)	(401,441)	(708,256)	(536,666)
Actuarial losses/(gains)	859,646	(147,840)	1,598,412	2,774,646
Past service cost	-	-	-	-
Effect of any curtailment or settlement	-	-	-	-
Actuarial gain not recognised in books	-	-	-	-
Total included in "Employee benefit expenses"	1,757,285	78,080	3,224,807	3,505,438
Actual Return on Plan assets	422,089	401,441	(382,307)	536,666

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 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Balance of the present value of defined benefit obligation as at the beginning of the year	4,502,070	4,022,549	9,123,550	5,840,099
Add: Current service cost	980,369	305,557	1,618,442	800,250
Add: Interest Cost	360,166	321,804	716,209	467,208
Add: Contributions by plan partners, viz.				
i) Employer	-	-	-	-
ii) Employee	-	-	-	-
Add / Less : Actuarial losses / (gains)	838,838	(147,840)	507,850	2,774,646
Less: Benefits paid	-	-	(348,577)	(758,653)
Add: Past service cost	-	-	-	-
Balance of the present value of Defined benefit obligation as at the end of the year	6,681,443	4,502,070	11,617,474	9,123,550

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
26 Employee benefits (Continued)

- 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 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Opening balance of the fair value of the plan assets as at the start of the year:	4,759,274	4,290,377	6,096,689	6,050,309
Add : Expected return on plan assets	442,896	401,441	708,256	536,666
Add/(Less) : Actuarial gains/(losses)	(20,808)	-	(1,090,563)	-
Add/(Less) : Transfer in/ (Transfer out)	-	-	-	-
Add : Contribution by the employer	6,246	67,456	3,539,395	268,367
Add : Contribution by plan participants	-	-	-	-
Less : Benefits paid during the year	-	-	(348,577)	(758,653)
Less : Settlements during the year	-	-	-	-
Closing balance of the fair value of the plan assets as at the end of the year	5,187,608	4,759,274	8,905,200	6,096,689

- e) All Investments in plan assets are managed by the Life Insurance Corporation of India.
- f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars	2011-12	2010-11
Discount rate as at year end	8.00%	8.00%
Expected return on plan assets as at year end	8.00%	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.

Mortality rate : LIC 94 -96 rates

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.

(ii) Defined contribution plans

Contribution to provident funds are made to the Regional Provident Fund office. Expenses recognised in the statement of Profit and Loss is Rs. 3,390,271/- (previous year Rs. 2,726,994/-)



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

27 Segment reporting pursuant to Accounting Standard (AS) 17

- (i) The Company is operating in only one business segment which is production of Micro motors and its accessories mainly for the Automotive sector. Hence, disclosure of primary segment's under Accounting Standard (AS) 17 does not apply. The details of secondary segment (geographical segment) are given below.

Segment	2011-2012 Rupees	2010-2011 Rupees
Overseas	2,317,216,100	1,642,030,158
Domestic	368,075,170	325,596,808
Total revenue	2,685,291,270	1,967,626,966

- (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.

28 Related party disclosures pursuant to Accounting Standard (AS) 18

- (i) Names of related parties and related party relationship

- (a) Related parties where control exists

- | | | |
|--------------------------------------------------------------------|---|--------------------------|
| 1. HBL Power Systems Limited | - | Ultimate Holding Company |
| 2. Agile Electric Drives Technologies and Holdings Private Limited | - | Holding Company |

- (b) Related parties with whom transactions have taken place during the year

- | | | |
|--------------------------------------------------------------------|---|-----------------------------------|
| 1. HBL Power Systems Limited | - | Ultimate Holding Company |
| 2. Agile Electric Drives Technologies and Holdings Private Limited | - | Holding Company |
| 3. Agile Electric Sub Assembly Private Limited | - | Fellow Subsidiary Company |
| 4. Bosch Electrical Drives India Private Limited | - | Associate Company till 29.03.2012 |
| 5. Mr. P. Mukund, Managing Director | - | Key Management Personnel |

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
28 Related party disclosures pursuant to Accounting Standard (AS) 18 (Continued)

(ii) 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	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Associates	Key Management Personnel	Total
1	Purchase of goods	-	-	344,796,243	-	-	344,796,243
		-	(25,219,266)	(313,929,413)	-	-	(339,148,679)
2	Sale of goods	4,198,433	-	346,372,714	41,690,743	-	392,261,890
		-	-	(1,658,712,262)	-	-	(1,658,712,262)
3	Other services received	-	-	-	-	-	-
		-	(2,700,000)	-	-	-	(2,700,000)
4	Purchase of fixed assets	-	-	47,289,716	-	-	47,289,716
		-	-	(27,609,000)	-	-	(27,609,000)
5	Sale of fixed assets	-	-	413,264	-	-	413,264
		-	-	(5,214,600)	-	-	(5,214,600)
6	Inter corporate deposits given	-	-	-	-	-	-
		-	(90,000,000)	-	-	-	(90,000,000)
7	Receipt of Inter corporate deposits given	-	90,000,000	-	-	-	90,000,000
		-	-	-	-	-	-
8	Inter corporate deposits taken	-	-	-	-	-	-
		-	-	(160,000,000)	-	-	(160,000,000)
9	Payment of Inter corporate deposits taken	-	-	-	-	-	-
		-	-	(160,000,000)	-	-	(160,000,000)
10	Sale of product line / programme	-	-	-	-	-	-
		-	-	(2,840,537)	-	-	(2,840,537)
11	Interest income	-	2,734,426	-	-	-	2,734,426
		-	(78,904)	-	-	-	(78,904)
12	Interest expense	-	-	-	-	-	-
		-	-	(1,821,261)	-	-	(1,821,261)
13	Reimbursement of expenses by	-	101,903	23,022,203	-	-	23,124,106
		-	(110,027)	(27,623,994)	-	-	(27,734,021)
14	Reimbursement of expenses to	-	3,242,010	-	-	-	3,242,010
		-	-	-	-	-	-
15	Remuneration to Managing Director	-	-	-	-	7,192,886	7,192,886
		-	-	-	-	(7,104,585)	(7,104,585)



NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(iii) Amount Due to / from Related Parties

Amount in Rs.

Sl no.	Nature of relationship/ transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Associates	Key Management Personnel	Total
1	Dues from Related Parties	3,519,017	1,440,000	375,477,493	18,295,019	-	398,731,529
		-	-	(303,586,835)	-	-	(303,586,835)
2	Dues to Related Parties	-	-	93,357,153	-	2,440,000	95,797,153
		-	-	(49,865,004)	-	(3,900,000)	(53,765,004)
3	Inter corporate deposits receivable	-	-	-	-	-	-
		-	(90,078,904)	-	-	-	(90,078,904)

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

- (iv) In view of inadequacy of profits, 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.
- (v) The Company has not written off or written back any amounts due from or due to related parties during the current financial year. (Previous year Nil)

29 Leases:

(a) Finance Lease:

- i) The Company has acquired certain plant and machinery on finance lease. The lease is having a primary period of five years which is fixed and non cancellable. There are no exceptional /restrictive covenants in the lease agreement.
- ii) The minimum lease rentals as at March 31,2012 and the present value as at March 31, 2012 of minimum lease payments in respect of assets acquired under Finance Lease is as follows:

Sl No.	Particulars	Amount in Rs.			
		Minimum Lease payments	Present value of Minimum Lease payments	Minimum Lease payments	Present value of Minimum Lease payments
		As at 31.03.2012	As at 31.03.2012	As at 31.03.2011	As at 31.03.2011
1	Payable not later than 1 year	13,816,708	9,077,184	5,535,536	3,333,407
2	Payable later than 1 year and not later than five years	55,470,778	46,662,146	27,164,708	20,774,227
3	Payable later than five years	-	-	5,806,863	5,704,217
	Total	69,287,486	55,739,330	38,507,107	29,811,851
	Less: Future finance charges	13,548,156	-	8,695,256	-
	Present Value of Minimum Lease payable	55,739,330	-	29,811,851	-

(b) Operating Lease:

The Company has taken certain premises and cars on cancellable operating lease. These lease agreements are normally renewed on expiry. Amount paid towards these leases are included in selling, administration and other expenses. There are no exceptional/restrictive covenants in these lease agreements. Lease rentals charged to the Statement of Profit and Loss for the year is Rs.1,717,324/- (previous year Rs. 2,888,035/-). Contingent rent recognised Rs. Nil (previous year Rs.Nil).

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

Basic		2011-12	2010-11
(a)	Profit after tax as per Statement of Profit and Loss	Rs. 165,413,748	75,835,516
(b)	Number of equity shares outstanding	Nos 20,394,382	20,374,382
(c)	Weighted average number of equity shares outstanding	Nos 20,385,256	15,049,724
Basic EPS		Rs. 8.11	5.04
Diluted			
(a)	Profit after tax as per Statement of Profit and Loss	Rs. 165,413,748	75,835,516
(b)	Weighted average number of equity shares outstanding	Nos 20,385,256	15,049,724
(c)	Add: Weighted average number of potential equity shares on account of employee stock options	Nos 35,051	349,515
(d)	Weighted average number of equity shares outstanding for diluted EPS	Nos 20,420,307	15,399,239
Diluted EPS		Rs. 8.10	4.92
Face value of an equity share		Rs. 10.00	10.00

31 Hitherto, the Company had adopted the Schedule VI to the Companies Act, 1956 for the preparation and presentation of financial statements. However, from the current year, the Company has adopted the Revised Schedule VI to comply with the notification made under the Companies Act, 1956. Accordingly, the Company has reclassified / regrouped the previous year figures to conform to current year's classification.

As per our report attached

for **SHARP & TANNAN**

Chartered Accountants
Firm's Registration No.003792S

P. Mukund
Managing Director

K.K. Nohria
Chairman

K.Igarashi
Director

L. Vaidyanathan
Partner
Membership No. 16368

A.J. Prasad
Director

Kavita Prasad
Director

M.S.S. Srinath
Director

Keiichi Igarashi
Director

Jacob Mathew
Director

G.N. Mani
Director

Place : Chennai
Date : April 24, 2012

R. Chandrasekaran
Head - Finance



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	2011 - 12		2010 - 11	
	Rupees	Rupees	Rupees	Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net profit / (loss) before tax		177,662,631		70,666,955
Adjustments for:				
Depreciation, amortisation and obsolescence	111,938,595		105,326,189	
Profit on sale of fixed assets	(131,196)		(186,551)	
Amortisation of employee stock option expenses	12,154,530		8,189,671	
Interest (Net)	97,764,287		98,894,170	
		<u>221,726,216</u>		<u>212,223,479</u>
Operating profit / (loss) before working capital changes		399,388,847		282,890,434
Adjustments for				
(Increase) / Decrease in trade and other receivables	(188,357,267)		(248,895,444)	
(Increase) / Decrease in inventories	18,550,981		(45,761,358)	
Increase / (Decrease) in trade and other payables	8,081,331		6,049,054	
		<u>(161,724,955)</u>		<u>(288,607,748)</u>
Cash generated from operations		237,663,892		(5,717,314)
Less: Direct taxes paid		-		5,659,180
Net cash from / (used in) operating activities (A)		<u>237,663,892</u>		<u>(11,376,494)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(382,734,993)		(138,749,443)
Sale of fixed assets		8,657,675		5,868,083
Purchase of investments		-		(142,864,900)
Interest received		5,313,201		1,487,604
Net cash from / (used in) investing activities (B)		<u>(368,764,117)</u>		<u>(274,258,656)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		803,000		495,950,000
Proceeds from borrowings		274,384,833		150,000,000
Repayment of borrowings		(39,946,079)		(244,674,175)
Interest paid		(103,077,488)		(100,381,774)
Net cash from / (used in) financing activities (C)		<u>132,164,266</u>		<u>300,894,051</u>
Net increase/(decrease) in cash & cash equivalents (A+B+C)		1,064,041		15,258,901
Cash and cash equivalents as at the beginning of the year		26,459,907		11,201,006
Cash and cash equivalents as at the end of the year		<u>27,523,948</u>		<u>26,459,907</u>

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 represents cash and bank balances. Since unpaid dividend in bank is a restricted amount, the same has not been included in cash and cash equivalents.
 4. Previous year's figures have been regrouped/reclassified wherever applicable.
-

As per our report attached

for **SHARP & TANNAN**

Chartered Accountants

Firm's Registration No.003792S

P. Mukund

Managing Director

K.K. Nohria

Chairman

K.Igarashi

Director

L. Vaidyanathan

Partner

Membership No. 16368

A.J. Prasad

Director

Kavita Prasad

Director

M.S.S. Srinath

Director

Keiichi Igarashi

Director

Jacob Mathew

Director

G.N. Mani

Director

Place : Chennai

Date : April 24, 2012

R. Chandrasekaran

Head - Finance



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 20th Annual General Meeting of the
Company to be held at the Music Academy, Mini Hall, 306, T.T.K. Road, Chennai – 600 014 at 3.00 P.M.
on Saturday, 15th September, 2012 and at any adjournment thereof.

Signature : _____

Signed this day of 2012

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 20th Annual General Meeting of the Company held at the
Music Academy, Mini Hall, 306, T.T.K. Road, Chennai 600 014 at 3.00 P.M. on Saturday, 15th
September, 2012.

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 :

Signature of the First Holder

Date:

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

Place:

Signature of the Manager of the

Date:

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.

[illegible]

[illegible]



IGARASHI RANGE OF MOTORS

Automotive motors



Motors for use in office automation equipment



Household electrical appliance motors



Motors for use in power tools and electric reels





IGARASHI MOTORS INDIA LTD.

Plots No. B - 12 to B - 15, Phase II

MEPZ - SEZ

Tambaram, Chennai - 600 045.

Telephone : 22628199/42298199

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E-mail : investorservices@igarashimotors.co.in