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India Motor Parts & Accessories Limited

IMPAL

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48th Annual Report

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INDIA MOTOR PARTS & ACCESSORIES LIMITED

Board of Directors

Sri T S SANTHANAM
Sri S NARAYANAN
Sri K R RAGAVAN
Sri V GOPALAKRISHNAN
Sri S VIJI
Sri R SRIKANTH
Sri N KRISHNAN

Chairman
Vice-Chairman

Managing Director

Audit Committee

Sri S NARAYANAN
Sri K R RAGAVAN
Sri V GOPALAKRISHNAN

Chairman

Auditors

M/S SUNDARAM & SRINIVASAN
CHENNAI

Chartered Accountants

Bankers

STATE BANK OF INDIA and
STATE BANK OF MYSORE

Registered Office :

21, Patullos Road,
Chennai 600 002

Administrative Office :

46, Whites Road,
Chennai 600 014

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Branches: AGRA – AHMEDABAD – ALLAHABAD – ASANSOL – BANGALORE – BARODA – BATHINDA – BHILWARA – BHUBANESWAR – BIKANER – CALICUT – CHANDIGARH – CHENNAI – COCHIN – COIMBATORE – CUTTACK – DEHRADUN – DHANBAD – GUWAHATI – GORAKHPUR – HISSAR – HUBLI – HYDERABAD – INDORE – JAIPUR (2 Branches) – JALANDHAR – JAMSHEDPUR – JODHPUR – KANPUR – KOLKATA – KOTA – LUDHIANA – MADURAI – MANGALORE – NAGPUR – NAVI MUMBAI – NEW DELHI (2 Branches) – PATNA – PUNE – RAIPUR – RAJKOT – RANCHI – SAHARANPUR – SALEM – SILIGURI – SURAT – TRICHY – UDAIPUR – VARANASI – VIJAYAWADA

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INDIA MODERN ART & ACCESSORIES LIMITED

Executives

Sri N S MANI
Sri L KUMAR
Sri P HARIHARAN
Sri M S CHANDRASEKAR
Sri U RAVINDRANATH
Sri GOPAL MALOO
Sri GOPALA KRISHNAN K
Sri MUKESH RASTOGI
Sri SHANKAR N P
Sri SRINIVASAN L
Sri SUNDARARAJAN R

Vice-President (Marketing)
General Manager (Marketing)
General Manager (Marketing)
General Manager (Accounts)
Asst. General Manager (Accounts)
Area Manager
Area Manager
Area Manager
Area Manager
Area Manager
Area Manager

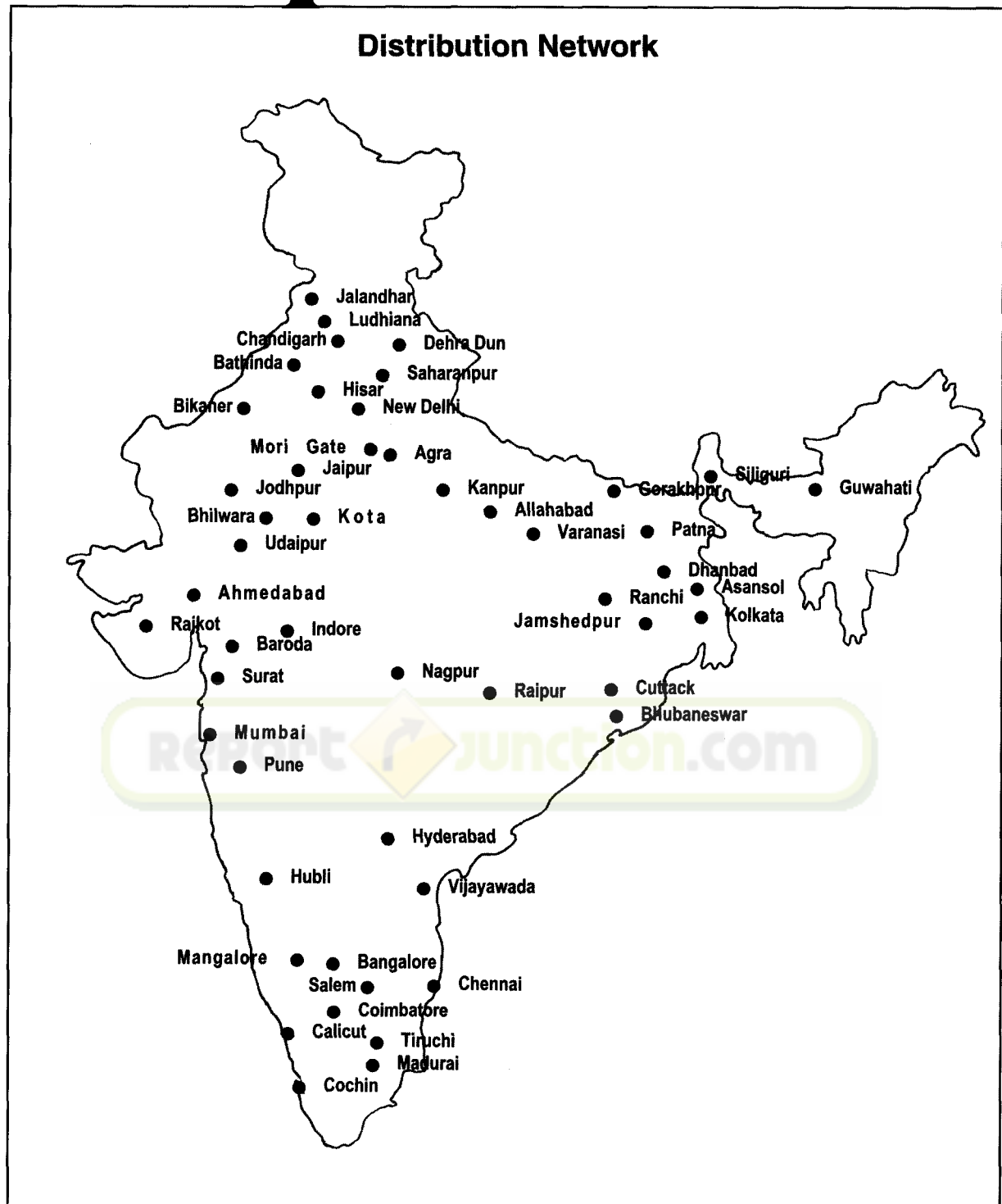
Sri V SRIRAMAN

Secretary

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

	1997-98	1998-99	1999-2000	2000-01	2001-02
Share Capital	208.00	208.00	208.00	208.00	208.00
Reserves & Surplus	2267.60	2654.31	3162.20	3966.34	4578.86
Net Worth	2475.60	2862.31	3370.20	4174.34	4786.86
Capital Employed	4588.66	3976.52	4189.26	4668.48	5233.63
Sales	16864.35	17580.19	18590.17	17893.53	17582.85
Profit Before Tax	838.79	870.31	1107.09	1040.03	1250.21
Profit After Tax	551.79	571.41	692.59	637.01	838.39
Dividend Amount	114.40	166.40	166.40	166.40	249.60
Dividend %	55	80	80	80	120
Earnings per share (Rs.)	26.53	27.47	33.30	30.63	40.31
Book Value Per Share (Rs.)	119.02	137.61	162.03	200.69	230.14



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Forty Eighth Annual General Meeting** of the Shareholders of the Company will be held at the Music Academy, 306, T T K Road, Chennai – 600 014, on Monday, the 12th August, 2002 at 10.15 A.M. to transact the following business:

1. To receive and adopt the Audited Statements of Accounts for the year ended 31st March, 2002 and to consider the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To elect a Director in the place of Sri V Gopalakrishnan, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Sri R Srikanth, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and fix their remuneration. Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai, retire and are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED that subject to the limits laid down in sections 268, 269, 309 & 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to modify the existing term of office of Sri N Krishnan, the Managing Director of the Company as set out hereunder:

- a. Term of Office : Upto 4.7.2002
- b. Salary : Rs. 75,000/- (Rupees Seventy Five Thousand only) per month effective from 1.4.2002
- c. Commission : subject to a ceiling of 1% on the net profits of the Company for the financial year, the quantum whereof to be determined by the Board of Directors.
- d. Perquisites : As detailed in the annexure to the explanatory statement

RESOLVED FURTHER that Sri N Krishnan be and is hereby re-appointed as Managing Director with effect from 5.07.2002 for a period of Five years upto 4.07.2007 on the same terms, specified above.

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the following article shall be inserted in the Articles of Association of the Company as Article no.5 (A).

5 (A): The Company/ Board shall have the power to purchase its own shares/securities subject to the provisions of section 77A, 77B and other applicable provisions, if any, of the Companies Act, 1956 and/ or any rules, notifications and guidelines issued from time to time by the Government or the Concerned authorities.

Chennai
4th July, 2002

By Order of the Board
V Sriraman
Secretary

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

SPECIAL BUSINESS

Item No. 6

For administrative convenience, the Board of Directors at their meeting held on 4.7.2002 have decided to foreclose the Managing Director's existing term of office before the due date and re-appointed him as Managing Director of the Company for a period of Five years commencing 5.7.2002, on the terms set out in the resolution.

Sri N Krishnan, is a B.E., MBA. & MS. Having served as General Manager (Sales) in Axles India Limited, he joined IMPAL in December, 1993 as General Manager responsible for all India Marketing and Administration. He was appointed as Managing Director from July, 1999. He does not hold any Directorship in any other Public Company.

The term of office/remuneration payable to the Managing Director by way of Salary, Commission & Perquisites (as given in annexure) would be within the specified limits laid down in schedule XIII to the Companies Act, 1956, and require your approval. Accordingly, the said resolution is submitted for your consideration.

INTEREST OF DIRECTORS

None of the Directors except Sri N Krishnan and Sri S Narayanan, who is related to him, is concerned or interested in the resolution.

The explanatory statement together with the accompanying notice is and should be treated as an abstract of the terms of variation / appointment and memorandum of interest under section 302 of the Companies Act, 1956.

Item No. 7

The Department of Company Affairs by the Companies (Amendment) Act, 1999 allows a Company to buy-back its own securities under certain conditions enumerated under sections 77A, 77AA & 77B. One of the conditions imposed by the Department is that the buy-back of securities should be authorised by the Articles of Association of the Company.

Hence an enabling resolution to incorporate the said provision in our Articles of Association, is placed before the members for approval.

INTEREST OF DIRECTORS

None of the Directors are interested in the resolution.

Chennai
4th July, 2002

By Order of the Board
V Sriraman
Secretary

Annexure to the Explanatory Statement

Details of Perquisites referred to in the resolution

1. Free use of furnished accommodation owned or leased by the Company with amenities including Water, Gas, Electricity and Furnishings. If no accommodation is provided, the Managing Director shall be entitled to House Rent Allowance subject to a ceiling of 70% of his salary. The expenditure incurred by the Company on Water, Gas, Electricity and Furnishings will be evaluated as per Income Tax Rules, 1962.
2. Medical Reimbursement for self and family including premium payable for medical insurance in accordance with the rules of the Company.
3. Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.

Explanation: Family means the spouse, dependent children and dependent parents of the appointee.

4. Sitting Fee for attending the meeting of Board of Directors and Committee thereof, as applicable to other Directors.
5. Fees of clubs subject to a maximum of two clubs. This will not include admission fee and life membership fee.
6. Personal Accident Insurance as per the rules of the Company.
7. Contribution to Provident Fund, Superannuation Fund or Annuity Fund and payment of Gratuity as per the rules of the Company.
8. Encashment of leave at the end of the tenure.
9. Provision of Car with driver.
10. Provision of telephone at the residence of the Managing Director.
11. Such other perquisites, benefits and amenities as may be provided by the Company to the other senior executives from time to time.

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NOTES:

- **A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member.**
- The proxy form duly stamped and executed, should be deposited at the Administrative Office of the Company atleast forty eight hours before the time fixed for the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 1st August, 2002 to 12th August, 2002 (both days inclusive).
- In terms of clause 49 of the listing agreement with stock exchange, a brief resume of Directors who are proposed to be appointed/re-appointed at this meeting is given below:

Sri. V. Gopalakrishnan has been on the Board of the Company since 1988. He is also a member of the Audit Committee. Sri. V. Gopalakrishnan holds a bachelor's degree in Engineering from the University of Madras. He was with M/S Binny Ltd for many years and retired as its Chief Engineer.

He was a member of the Technical Advisory Committee and the Vice-Chairman of the Karnataka Chapter of the Indian Institution of plant Engineers.

He does not hold any Directorship other than IMPAL.

Sri. R. Srikanth has been on the Board of the Company since 1995. He holds a bachelor's degree in Engineering from the Bangalore University. He also holds a masters degree in Science from Purdue University, USA. He has got over a decade experience in Automobile industry.

Details of Other Directorship held by him:

Brakes India Limited

Sundaram Dynacast Pvt. Limited

Allegro Holdings Limited

Silver Oak Holdings Limited

Shikara Holdings Pvt. Limited

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INDIA MOTOR PARTS & ACCESSORIES LIMITED

REPORT OF THE DIRECTORS' TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2002

Your Directors have pleasure in submitting the **Forty Eighth Annual Report** together with the Audited Accounts for the year ended 31st March, 2002.

Financial Results	31.03.2002	31.03.2001
	(Rs. in lakhs)	
Profit before Tax	1250.21	1040.03
Less: Provision for Taxation	400.72	403.02
Deferred Tax	11.10	—
Profit after Tax	838.39	637.01
Add: Balance in Profit & Loss Account brought forward from previous year	95.34	141.20
Provision for taxation no longer required	—	0.50
Profit available for appropriation	933.73	778.71

Appropriations

Dividend:

Interim	—	166.40
Final (Proposed)	249.60	—
Dividend Tax	—	16.97
General Reserve	425.00	500.00
Surplus Balance in Profit & Loss Account	259.13	95.34

Performance

The turnover of the Company for the year ended 31st March, 2002 was Rs.175.83 Crores as against Rs.178.94 Crores for the previous year, a decline of 1.74 %. However, the Profit before tax was higher at Rs.12.50 Crores an increase of 20.19 % over the previous year's figure of Rs.10.40 Crores. Considering the economic climate and the extremely competitive market situation, this performance can be considered creditable.

Dividend

Your Directors have pleasure in recommending a dividend of 120 % on the paid-up capital of Rs. 208 lakhs for the year 2001-2002, which is an All Time High for the Company. This compares favourably with the 80% dividend declared during the previous year. The dividend distribution will involve a sum of Rs. 249.60 lakhs.

Commercial Paper

Your Company's Commercial Paper programme was extended the highest rating of "P1+" by CRISIL upto a limit of Rs.900 lakhs.

Capital Expenditure

Your Company's head office was situated at No.21, Patullos Road, Chennai – 600 002, until June, 2001. Paucity of space required a re-location to new and spacious premises at No.46, IIIrd Floor, Whites Road, Chennai – 600 014. Your Company moved in on a rental basis and we are happy to inform you that subsequently the floor was purchased on an outright basis for Rs.4.03 Crores, inclusive of registration charges.

Depository System

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

Deposits

Your Directors have decided to repay all deposits on maturity with effect from 1st April, 2002. This decision