

51st Annual Report



2004-2005





INDIA MOTOR PARTS & ACCESSORIES LIMITED

BOARD OF DIRECTORS

Sri S NARAYANAN

Chairman

Sri S VIJI

Sri K R RAGAVAN

Sri V GOPALAKRISHNAN

Sri R SRIKANTH*

Sri ANANTH RAMANUJAM

Sri N KRISHNAN

Managing Director

*upto 22-07-2005

AUDIT COMMITTEE

Sri S NARAYANAN

Chairman

Sri K R RAGAVAN

Sri V GOPALAKRISHNAN

AUDITORS

M/S SUNDARAM & SRINIVASAN

CHENNAI

BANKERS

STATE BANK OF INDIA and

STATE BANK OF MYSORE

REGISTERED OFFICE :

21, Patullos Road,
Chennai 600 002

CORPORATE OFFICE :

"Sundaram Towers"
III Floor, 46, Whites Road,
Chennai 600 014

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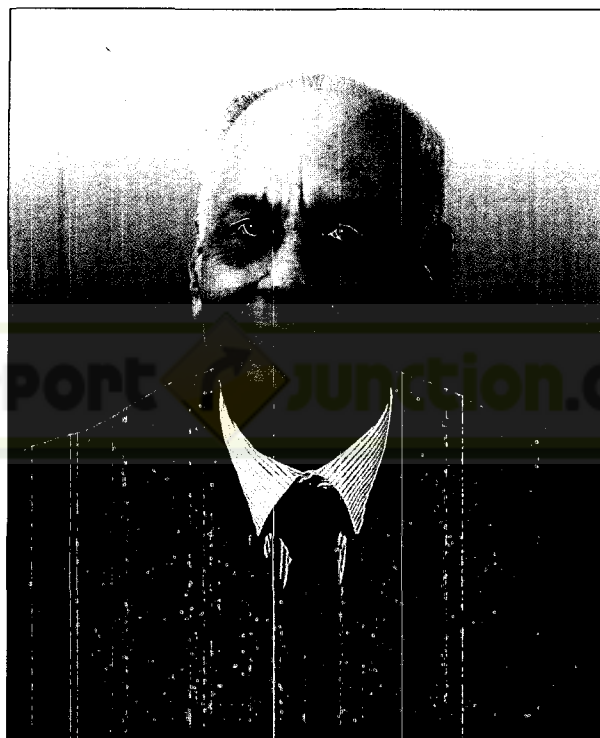
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Branches: AGRA – AHMEDABAD – ALLAHABAD – ASANSOL – BANGALORE – BARODA – BATHINDA – BHILWARA – BHUBANESWAR – CALICUT – CHANDIGARH – CHENNAI – COCHIN – COIMBATORE – CUTTACK – DHANBAD – GANDHIDHAM – GURGAON – GUWAHATI – HUBLI – HYDERABAD – JAIPUR (2 Branches)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

INDIA MOTOR PARTS & ACCESSORIES LIMITED

Founder Director and Chairman Emeritus Sri T S Santhanam passed away on the 15th of April, 2005. Sri T S Santhanam's visionary leadership and his genuine concern for shareholders, employees and customers and the high standards set by him will be a guiding force for your Company in the years to come.

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Sri T.S. Santhanam

08.11.1912 – 15.04.2005

INDIA MOTOR PARTS & ACCESSORIES LIMITED**Executives**

Sri S M SUNDARAM

Chief Financial Controller

Sri P HARIHARAN

General Manager (Marketing)

Sri L KUMAR

General Manager (Marketing)

Sri U RAVINDRANATH

Asst. General Manager (Accounts)

Sri R SUNDARARAJAN

Asst. General Manager

Sri S R SWAMINATHAN

Asst. General Manager (Material Services)

Sri P VIJAYA MADHAVA

Secretary**FINANCIAL HIGHLIGHTS****(Rs. in Lakhs)**

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Share Capital | 208.00 | 208.00 | 208.00 | 208.00 | 415.98 |
| Reserves & Surplus | 3966.34 | 4578.86 | 5047.42 | 5673.83 | 6148.66 |
| Net Worth | 4174.34 | 4786.86 | 5255.42 | 5881.83 | 6564.64 |
| Capital Employed | 4668.48 | 5233.63 | 5630.19 | 6200.41 | 6884.64 |
| Sales | 17893.53 | 17582.85 | 17975.39 | 19281.69 | 21349.62 |
| Profit Before Tax | 1040.03 | 1250.21 | 1287.00 | 1402.95 | 1517.06 |
| Profit After Tax | 637.01 | 838.39 | 820.53 | 919.72 | 1014.84 |
| Dividend Amount | 166.40 | 249.60 | 312.00 | 260.00 | 291.19 |
| Dividend % | 80 | 120 | 150 | 125 | 70 |
| Earnings per share (Rs.) | 30.63 | 40.31 | 39.45 | 44.22 | 24.40 |
| Book Value Per Share (Rs.) | 200.69 | 230.14 | 252.66 | 282.78 | 157.81 |

IMPAL**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the **Fifty-first Annual General Meeting** of the Shareholders of the Company will be held at **10.25 A.M., on Monday, the 5th September 2005, at the Music Academy, 168 (Old No.306), T T K Road, Chennai – 600 014**, to transact the following business:

Ordinary Business

1. To receive and adopt the Audited Statement of Accounts for the year ended 31st March, 2005 and to consider the reports of the Directors and Auditors thereon.
2. To record interim dividend paid.
3. To elect a Director in the place of Sri S Narayanan, who retires by rotation and being eligible, offers himself for re-election.
4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED that M/s Sundaram & Srinivasan, Chartered Accountants, the retiring Auditors be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors exclusive of out of pocket expenses and levies such as service tax.”

Special Business

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

“RESOLVED THAT Sri Ananth Ramanujam be and is hereby appointed as a Director of the Company liable to retire by rotation.”

Chennai
22nd July 2005

By Order of the Board
P. Vijaya Madhava
Secretary

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956Item No. 5

Sri. Ananth Ramanujam was appointed by the Board as a Director of the Company on 22nd July 2005 to fill the casual vacancy on the Board caused by the resignation of Mr. R Srikanth. Pursuant to Section 262 of the Companies Act, 1956, Mr. Ananth Ramanujam holds office upto the date of the forthcoming Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Sri Ananth Ramanujam as a Director of the Company. The Board of Directors recommend his appointment.

None of the Directors, except Sri Ananth Ramanujam is concerned or interested in the resolution.

Chennai
22nd July 2005

By Order of the Board
P. Vijaya Madhava
Secretary

INDIA MOTOR PARTS & ACCESSORIES LIMITED**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT RELATING TO DIRECTORS WHO ARE PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE 51st ANNUAL GENERAL MEETING OF THE COMPANY****1. Item No.3 of the Notice**

Name of the Director : Sri S. Narayanan

Age: 80 Years.

Sri S. Narayanan has been on the Board of the Company since 1965. He is the Chairman of the Board as well as the Audit Committee. Sri. S. Narayanan is having over 6 decades of experience in the automobile industry, particularly in the distribution of automobile spare parts.

Details of other Directorships held by him:

- (a) TVS Srichakra Limited
- (b) Sundaram Finance Limited
- (c) Lucas Indian Service Limited
- (d) Sundharams Private Limited

Committee Membership in other Companies

TVS Srichakra Limited – Chairman, Shareholders / Investors Grievance Committee

2. Item No.5 of the Notice

Name of the Director : Sri. Ananth Ramanujam

Age: 39 Years

Sri Ananth Ramanujam was appointed as Director of the company on 22nd July 2005. He is an Economics Graduate and holds a Masters Degree in Development Economics from the University of Bath, U.K. He has more than 15 years experience in export & manufacturing of auto components.

Details of other Directorships held by him:

- (a) ABI- Showatech (India) Ltd.
- (b) Turbo Energy Ltd.
- (c) Light Alloy Products Limited
- (d) Transenergy Ltd.
- (e) ABI- Showatech Pte Ltd. Singapore.
- (f) ABI- Showatech International Pte Ltd. Singapore.

Committee Membership

ABI- Showatech (India) Ltd. - Member, Audit Committee.

IMPAL

DIRECTORS' REPORT TO THE SHAREHOLDERS

With deep regret, we record the passing away of Sri T S Santhanam, our revered Founder Director and Chairman Emeritus, on 15th April 2005. Having helped start IMPAL with a cash capital of Rs.15 lakhs in 1954, under his Chairmanship, the Company progressed from an initial turnover of Rs.6.67 lakhs to Rs.214 crores today. Over a period of time, under his visionary leadership, your Company has emerged as one of the leading automobile spare parts distributing companies in India with a network of branches spread throughout the country. He always stood for ethical business practices, good corporate governance, absolute customer satisfaction through excellent services, transparency in business dealings and maintenance of high standards of integrity at all levels of the Company. By advocating prudence and conservatism in the Company's operations, he had always sought to protect the interests of the stake holders.

The Directors wish to place on record their appreciation of the invaluable contribution rendered by Sri T S Santhanam throughout his association with the Company. His principles and philosophy would continue to be a guiding force for us to take the Company to greater heights.

Your Directors submit the **51st Annual Report** together with the Audited Accounts for the year ended 31st March 2005.

| (Rs. in Lakhs) | | |
|---|----------------|------------|
| Financial Results | 31.03.2005 | 31.03.2004 |
| Profit before Tax | 1517.06 | 1402.95 |
| Add: Provision written back no longer reqd. | 8.48 | — |
| Less: Provision for taxation (including deferred tax) | 510.70 | 483.23 |
| Profit after Tax | 1014.84 | 919.72 |
| Add: Balance in P&L A/c brought forward from previous year | 254.10 | 227.69 |
| Profit available for appropriation | 1268.94 | 1147.41 |
| Appropriations | | |
| Dividend: | | |
| — Interim | 291.19 | 260.00 |
| — Final | — | — |
| Dividend Tax (Including Surcharge) | 40.84 | 33.31 |
| General Reserve | 617.00 | 600.00 |
| Surplus Balance in Profit & Loss Account | 319.91 | 254.10 |

Performance

The Sales turnover of the Company for the year ended 31st March, 2005 at Rs. 213.50 Crores was higher than that achieved during the previous year by 10.72 %. The previous year turnover was Rs.192.82 Crores. The sales volume achieved in 2004-05 is an all time high and improves upon the previous high recorded in 2003-04.

The profit before tax for the year under review at Rs.15.17 crores and the profit after tax at Rs.10.15 crores are both the highest ever achieved by the Company. The performance of the Company is satisfactory.

Dividend

The Board of Directors in July 2005 declared an Interim Dividend of Rs. 7/- per equity share on the increased paid up capital of Rs.415.98 lakhs for the year ended 31st March 2005. The dividend, together with dividend tax of Rs 40.84 lakhs absorbs a sum of Rs.332.03 lakhs. The Board of Directors propose to treat the said interim dividend as the total dividend for the year.

INDIA MOTOR PARTS & ACCESSORIES LIMITED**Capitalisation of Reserves (Issue of Bonus Shares)**

During the year, the Company with the approval of the members, capitalised a portion of the reserves and issued Bonus Shares in March 2005 in the ratio of one equity share for every one existing equity share to the members of the Company. The Paid up Share Capital of the Company has increased to Rs.415.98 Lakhs after this bonus issue.

With regard to the buy-back of shares proposal announced by the Company in December 2003, there has been no further communication from SEBI on the proposal. In view of the inordinate delay experienced, the Board of Directors reviewed and decided to cancel and withdraw the proposal. The decision of the Board has been communicated to SEBI.

Deposits

The Company is repaying all deposits on maturity with effect from 1st April 2002. Your directors wish to thank all the depositors for reposing confidence in the Company. The Company has repaid a sum of Rs.38.17 lakhs during the financial year ended March, 2005. With this, all deposits have been repaid by the Company with the exception of 5 unclaimed deposits amounting to Rs. 0.85 Lakh as on 31.03.2005. Out of this, Rs. 0.50 Lakh has subsequently been repaid. Efforts are on to locate and repay the balance matured unclaimed deposits.

Management Discussion and Analysis Report

Management Discussion and Analysis, in compliance with clause 49 of the Listing Agreement is attached, forming part of this report.

Corporate Governance

A detailed report on corporate governance, together with a certificate from the Statutory Auditors in compliance with clause 49 of the Listing Agreement is attached, forming part of this report.

Directors

Sri. R Srikanth, Director resigned from the Board with effect from 22nd July 2005. Sri. Ananth Ramanujam was appointed in his place as a Director of your Company. He retires at the forthcoming Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956 has been received from a member, proposing his appointment as a Director of the Company.

The Board of Directors place on record their appreciation of the valuable services rendered by Sri R Srikanth during his long association with the Company.

Sri. S. Narayanan, Chairman, retires by rotation and being eligible offers himself for re-election.

Auditors

The Auditors, Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai retire and are eligible for re-appointment.

Information as per Section 217 (1) (e) of the Companies Act, 1956

Your Company has no activity relating to conservation of energy or technology absorption. During 2004-05, the Company did not have any foreign exchange earnings or outgo other than travel and subscription expenses.

Personnel

There is no employee, particulars of whom are required to be furnished u/s 217 (2A) of the Companies Act, 1956.

Directors' responsibility statement

As required u/s 217(2AA) of the Companies Act, 1956, your Directors state that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.