

INDIA MOTOR PARTS & ACCESSORIES LIMITED

IMPAL

2007 - 2008

54th ANNUAL REPORT



Branches: □ AGRA □ AHMEDABAD □ ASANSOL □ BANGALORE □ BARODA □ BATHINDA □ BHILWARA □ BHUBANESWAR □ CALICUT □ CHANDIGARH □ CHENNAI □ COCHIN □ COIMBATORE □ CUTTACK □ DHANBAD □ GANDHIDHAM □ GUWAHATI □ HISAR □ HUBLI □ HYDERABAD □ JAIPUR □ 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

BOARD OF DIRECTORS

Sri S NARAYANAN

Chairman

Sri S RAM

Sri ANANTH RAMANUJAM

Sri S RAVINDRAN

Sri S PRASAD

Ms SHOBHANA RAMACHANDHRAN*

Sri RASESH R DOSHI*

Sri N KRISHNAN

Managing Director

COMMITTEES OF THE BOARD

Audit Committee

Sri S PRASAD

Chairman

Sri S RAVINDRAN

Sri RASESH R DOSHI*

Sri N KRISHNAN

Shareholder / Investor Grievance Committee

Sri S NARAYANAN

Chairman

Sri N KRISHNAN

GENERAL MANAGER – ACCOUNTS

Sri K V BHASKAR

SECRETARY

Sri B SHANMUGASUNDARAM

AUDITORS

M/S SUNDARAM & SRINIVASAN

Chartered Accountants

#23, C P Ramasamy Road

Alwarpet

Chennai – 600 018

BANKERS

STATE BANK OF INDIA

REGISTERED & CORPORATE OFFICE

"Sundaram Towers" III Floor

#46, Whites Road

Chennai – 600 014

WEBSITE

www.impal.net

*Co-opted on July 8, 2008

*With effect from July 8, 2008

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INDIA MOTOR PARTS & ACCESSORIES LIMITED**EXECUTIVES**

Sri P HARIHARAN	Vice President (Marketing)
Sri L KUMAR	Vice President (Marketing)
Sri V RAMAKRISHNAN	Vice President (Marketing)
Sri G NARAYANAMOORTHY	Dy. General Manager (Accounts)
Sri T K SUNDARARAJAN	Senior Advisor
Sri R SUNDARARAJAN	Asst. General Manager
Sri L SRINIVASAN	Asst. General Manager
Sri V SRIDHAR	Asst. General Manager (Systems & Materials)
Sri MUKESH RASTOGI	Senior Area Manager
Sri R SIVARAMAN	Senior Area Manager
Sri S P SRIVASTAVA	Senior Area Manager
Sri M S HARIGOPAL	Senior Area Manager
Sri N SUNDARAM	Senior Area Manager (Accounts)
Sri R RAMAN	Senior Area Manager (Accounts)
Sri M PARAMESWARAN	Senior Area Manager (Accounts & Information Systems)

FINANCIAL HIGHLIGHTS*Rs. in Lakhs*

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
Share Capital	208.00	415.98	415.98	415.98	415.98
Reserves & Surplus	5673.83	6148.66	6723.57	7387.56	8125.02
Net Worth	5881.83	6564.64	7139.55	7803.54	8541.00
Capital Employed	6200.41	6884.64	7812.75	8644.51	9478.30
Sales	19281.69	21349.62	20707.03	22702.44	24377.59
Profit before tax	1402.95	1517.06	1382.93	1639.36	1748.12
Profit after tax	919.72	1014.84	906.94	1093.36	1199.80
Dividend Amount	260.00	291.19	291.19	374.39	395.18
Dividend %	125	70	70	90	95
Earnings per Share (Rs.)	44.22	24.40	21.80	26.28	28.84
Book Value Per Share (Rs.)	282.78	157.81	171.63	187.59	205.32

IMPAL**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the **Fifty-fourth Annual General Meeting** of the Shareholders of the Company will be held at **11.00 a.m. on Thursday, the 28th day of August 2008**, 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 2008 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 Ananth Ramanujam, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Sri S Ravindran, who retires by rotation and being eligible, offers himself for re-election.
5. 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 up to 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

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

“RESOLVED THAT Ms Shobhana Ramachandhran be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

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

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

“RESOLVED THAT pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company be and is hereby authorized to pay remuneration by way of Commission to the Directors (other than Managing Director) up to 1% of the net profits of the Company for a period of five years commencing from 1.4.2009.

FURTHER RESOLVED THAT the Board of Directors may, at its discretion, decide the quantum of remuneration by way of Commission to be distributed amongst the Directors of the Company or some or any of them (other than the Managing Director) such amounts in such proportion and in such manner from time to time.”

Chennai
8th July 2008

By Order of the Board
B Shanmugasundaram
Secretary

INDIA MOTOR PARTS & ACCESSORIES LIMITED**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956
SPECIAL BUSINESS****Item No.6**

Ms Shobhana Ramachandhran was appointed as Additional Director on 8.7.2008. Pursuant to Section 260 of the Companies Act, 1956, Ms Shobhana Ramachandhran holds office up to the date of the forthcoming Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the appointment of Ms Shobhana Ramachandhran as a Director of the Company. The Board of Directors recommend her appointment.

Interest of Directors

None of the Directors, except Ms Shobhana Ramachandhran is concerned or interested in the resolution.

Item No.7

Sri Rasesh R Doshi was appointed as Additional Director on 8.7.2008. Pursuant to Section 260 of the Companies Act, 1956, Sri Rasesh R Doshi holds office up to the date of the forthcoming Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the appointment of Sri Rasesh R Doshi as a Director of the Company. The Board of Directors recommend his appointment.

Interest of Directors

None of the Directors, except Sri Rasesh R Doshi is concerned or interested in the resolution.

Item No.8

After obtaining the members consent in the Forty Ninth Annual General Meeting held on 21st August 2003, the Non-Whole time Directors of the Company are being paid remuneration, by way of Commission, a sum not exceeding 1% of the net profits of the Company, for each financial year commencing from 1.4.2004.

The Non-Whole time Directors of the Company devote considerable time in guiding the affairs of the Company. The company benefits substantially from their advice and expertise. Having regard to their contribution and increased responsibilities, it is proposed to continue the payment of commission from the financial year commencing 1.4.2009, for a further period of 5 years. Accordingly, a special resolution is submitted for approval of the members.

Interest of Directors

All the Non-whole time Directors of the Company are deemed to be interested in the resolution.

Chennai

8th July 2008

By Order of the Board

B Shanmugasundaram

Secretary

PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

1. Item No.3 of the Notice

Name of the Director : Sri Ananth Ramanujam

Age : 43 years

Qualification : Graduate in Economics & Master's in Development Economics,
University of Bath, U.K.

Sri Ananth Ramanujam was appointed as a Director of the Company on 5th September 2005. He has more than 18 years experience in export and manufacturing of auto components. Sri Ananth Ramanujam holds 18656 equity shares in the Company.

Details of other Directorships / Committee membership held

Director

Turbo Energy Ltd; ABI-Showatech (India) Ltd; Light Alloy Products Ltd; Transenergy Ltd; Raghuvamsa Holdings Pvt Ltd; ABI-Showatech Pte Ltd, Singapore; ABI-Showatech International Pte Ltd, Singapore; Minerva Pte Ltd, Singapore; Lawrence Ventures, Singapore; Vikasa Private Limited, Singapore

Committee Membership

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

ABI-Showatech (India) Ltd – Member, Remuneration Committee

Turbo Energy Ltd – Member, Audit Committee

Relationship with other Directors - Nil

2. Item No. 4 of the Notice

Name of the Director : Sri S Ravindran

Age : 56 years

Qualification : B.Com, ACA

Sri S Ravindran was appointed as a Director on 30th August 2006. He has diverse experience in various positions in Auto-ancillary industry, educational printing, publishing and distribution industry and health care industry in India and abroad for over 30 years. Sri S Ravindran holds 400 equity shares in the Company.

Details of other Directorships / Committee membership held

Whole time Director

Turbo Energy Ltd

Director

ABI-Showatech (India) Ltd, Chennai; Allegro Holdings Private Ltd; Athreya Harsha Holdings Private Ltd; Light Alloy Products Limited; Maham Holdings Private Limited; Padmalakshmi Holdings Private Ltd; Pebble Beach Farms Private Ltd; Raghuvamsa Holdings Private Ltd; Revathi Holdings Private Ltd; Silver Oak Holdings Private Ltd; Srishti Farms Private Ltd; Transenergy Ltd; Uthirattadhi Sriram Holdings Private Ltd; Al Anwar Blank Company SAOC Muscat;

INDIA MOTOR PARTS & ACCESSORIES LIMITED*Committee Membership*

ABI-Showatech (India) Ltd – Chairman, Audit Committee

ABI-Showatech (India) Ltd – Chairman, Remuneration Committee

Turbo Energy Ltd – Member, Audit Committee

Relationship with other Directors - Nil

3. Item No.6 of the Notice

Name of the Director : Ms Shobhana Ramachandhran

Age : 48 years

Qualification : Master's Degree in Literature; ACS - Intermediate

Ms Shobhana Ramachandhran was appointed as Additional Director of the Company on 8th July 2008. She was a Lecturer in English in Fatima College before joining TVS Srichakra Ltd as Executive Assistant to the Managing Director during 1985. She took over as Managing Director of TVS Srichakra Ltd during August 1986. Ms Shobhana Ramachandhran holds 31254 equity shares in the Company.

Details of other Directorships / Committee Membership held

Managing Director

TVS Srichakra Limited

Director

Sundaram Industries Ltd; TVS Novotema Elastomeric Engineered Products Private Ltd; Firestone TVS Private Ltd.

Committee Membership

TVS Srichakra Limited – Member, Shareholders / Investors Committee

Relationship with other Directors - Nil

4. Item No.7 of the Notice

Name of the Director : Sri Rasesh R Doshi

Age : 45 years

Qualification : B.Com, M.E.P. (Indian Institute of Management, Ahmedabad)

Sri Rasesh R Doshi was appointed as Additional Director of the Company on 8th July 2008. He has more than 2 decades of work experience in operations, finance and administration in Auto parts Distribution business. He was Chief Executive of The Associated Auto Parts Ltd during the year 1985 and in 1989 was co-opted to the Board as a Director. He was a Member of the Managing Committee of the Maharashtra Motor Parts Dealers' Association for 7 years (1992-93 to 1996-97 and 2004-05 to 2005-06). During the year 1997-98 he was a co-opted Member and was nominated as Vice President of the association in the year 1999-2000 and is currently Vice President for 2007-08 (till the next AGM). Sri Rasesh R Doshi holds 4328 equity shares in the Company.

Details of other Directorships / Committee Membership held

Director

The Associated Auto Parts Ltd; RCN Synthetics & Textiles Private Ltd.

Committee Membership - Nil

Relationship with other Directors - Nil

SHAREHOLDER INFORMATION:**1. 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.**

2. The proxy form duly stamped and executed, should be deposited at the Regd. & Corporate Office of the Company at least forty-eight hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21.8.2008 to 28.8.2008 (both days inclusive).
4. Members desiring any information as regards Accounts are requested to write to the Company at least 7 days before the meeting so as to enable the Management to keep the information ready.
5. Pursuant to the erstwhile provisions of Section 205A of the Companies Act, 1956, all dividends up to the financial year 1993-94 and Interim Dividend for the financial year 1994-95, which remained unclaimed have been transferred to the General Revenue Account of the Central Government. Members, who have not encashed their dividend warrants for the said period, may claim the amount from the Registrar of Companies, Shastri Bhavan, #26 Haddows Road, Chennai - 600 006.

The unclaimed dividends in respect of financial year 1994-95 (final dividend), 1995-1996 to 2000-2001 have been transferred to Investor Education and Protection Fund. **As per provisions of Section 205C of the Companies Act, 1956, no claims will lay against the Company or the Investor Education and Protection Fund in respect of such unclaimed dividend amount transferred to the Fund.**

Members who have not encashed their dividends for the financial year ended 31st March 2002 or any subsequent financial years are requested to lodge their claim with the Company / Share Transfer Agents. Reminders are sent to Members to claim their dividends before the amount is transferred to Investor Education & Protection Fund.

6. Shareholders may opt for receiving dividends through Electronic Clearing Service (ECS) for better convenience. The ECS application form is available in our website www.impal.net which may be downloaded for use. Such form is required to be duly filled in and sent to the company for registration.
7. Please bring the admission slip with you, duly filled and hand it over at the entrance of the meeting hall.
8. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Registrar & Transfer Agents, the ledger folio of such accounts together with the share certificates to enable the Company to consolidate all the holdings into one account. The Share certificates will be returned to the Members after making necessary endorsement in due course.
9. Members, who are individuals may avail the facility of nomination as provided in Section 109A of the Companies Act, 1956 wherein a Member may nominate in the prescribed manner, a person to whom his shares in the company shall vest in the event of his demise. Where more than one person holds the shares jointly, the joint holder may together nominate a person to whom all the rights in the shares of the company shall vest in the event of demise of all the joint holders.

INDIA MOTOR PARTS & ACCESSORIES LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors are pleased to present the **54th Annual Report** together with the Audited Accounts for the year ended 31st March 2008.

Rs. in Lakhs

Financial Results	31.03.2008	31.03.2007
Profit before tax	1748.12	1639.36
Less: Provision for tax for earlier years	—	15.83
Less: Provision for taxation (including deferred tax)	548.32	530.17
Profit after Tax	1199.80	1093.36
Add : Balance in P&L Account brought forward from previous year	358.81	294.82
Profit available for appropriation	1558.61	1388.18
Appropriations		
Dividend		
- Interim	395.18	291.19
- Final	—	83.20
Dividend Tax (including surcharge)	67.16	54.98
General Reserve	671.25	600.00
Surplus Balance in Profit & Loss Account	425.02	358.81

Performance

The year under review saw a 7.37% increase in sales turnover from Rs.227.02 Crores to **Rs. 243.77 Crores**. Profit before tax reached an all time high of **Rs.17.48 Crores**, an increase of 6.65% from that achieved during the previous year. (Previous year Profit before tax was Rs.16.39 Crores). Profit after tax grew by 9.79% to **Rs.12.00 Crores** from Rs.10.93 Crores.

Dividend

The Board of Directors in July 2008 have declared an Interim Dividend of Rs.9.50 per equity share on the paid up share capital of Rs.415.98 lakhs for the year ended 31st March 2008. The dividend, together with dividend tax of Rs.67.16 lakhs absorbs a sum of Rs.462.34 lakhs. The Board of Directors propose to treat the said interim dividend as the total dividend for the year.

Management Discussion and Analysis Report

The Indian Economy continued its growth momentum albeit with some moderation due to the decline in the growth rates across various sectors during the year 2007-08. The Gross Domestic Product is estimated to have grown at 9%, slower than the 9.6% of the previous year 2006-07. Agricultural sector grew at 4.5% compared to 3.6% of the previous year. Manufacturing sector's growth rate estimated at 8.8% is lower than the 12% achieved during the previous year. The services sector maintained its double-digit growth rate at 10.7% during 2007-08, despite some moderation in pace and continued to be a major contributor to GDP growth.