INDIA MOTOR PARTS & ACCESSORIES LIMITED

IMPAL

2010 - 2011

57th ANNUAL REPORT

RECORD PERFORMANCE

Rs. in Lakhs

Particulars	2010-11	2009-10	Change in %
Turnover	42799.06	35808.80	20%
Profit Before Tax	4154.09	3647.65	14%
Profit After Tax	2851.51	2479.60	15%

IMPAL

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	

VICE PRESIDENT – FINANCE & ACCOUNTS
Sri S RAMASUBRAMANIAN

GENERAL MANAGER – FINANCE & ACCOUNTS
Sri U RAVINDRANATH

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

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EXECUTIVES

Sri P HARIHARAN	**Vice President (Marketing)**
Sri L KUMAR	**Vice President (Marketing)**
Sri V RAMAKRISHNAN	**Vice President (Marketing)**
Sri R SUNDARARAJAN	**General Manager (Marketing)**
Sri L SRINIVASAN	**General Manager (Marketing)**
Sri S NATARAJAN	**General Manager (Marketing)**
Sri V SRIDHAR	**General Manager (Systems & Materials)**
Sri M PARAMESWARAN	**Deputy General Manager (Accounts & Information Systems)**
Sri R SIVARAMAN	**Asst. General Manager (Marketing)**
Sri MUKESH RASTOGI	**Asst. General Manager (Marketing)**
Sri M S HARIGOPAL	**Asst. General Manager (Marketing)**
Sri N SUNDARAM	**Asst. General Manager (Accounts)**
Sri R RAMAN	**Asst. General Manager (Accounts)**

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

Particulars	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**
Share Capital	415.98	415.98	415.98	415.98	415.98
Reserves & Surplus	13033.71	11004.09	9278.59	8125.02	7387.56
Net Worth	13449.69	11420.07	9694.57	8541.00	7803.54
Capital Employed	13639.62	11522.02	11129.46	9478.30	8644.51
Sales	42799.06	35808.80	30055.60	24377.59	22702.44
Profit before tax	4154.09	3647.65	2531.22	1748.12	1639.36
Profit after tax	2851.51	2479.60	1737.59	1199.80	1093.36
Dividend Amount	707.17	644.77	499.18	395.18	374.39
Dividend per share on a facevalue of Rs.10/- each (Rs.)	17.00	15.50	12.00	9.50	9.00
Dividend %	170	155	120	95	90
Earnings per Share (Rs.)	68.55	59.61	41.77	28.84	26.28
Book Value Per Share (Rs.)	323.32	274.53	233.05	205.32	187.59

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Fifty-seventh Annual General Meeting** of the Shareholders of the Company will be held at **11.00 a.m.** on **Thursday, the 29th day of September 2011**, 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 2011 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 Ravindran, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Sri Rasesh R Doshi, 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 a remuneration of Rs.4,00,000/- (Rupees Four lakhs per annum) exclusive of out of pocket expenses and levies such as service tax.**"**

By Order of the Board

Chennai
B Shanmugasundaram

11th August 2011
Secretary

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 **20.09.2011 to 29.09.2011** (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. Members are requested to furnish a copy of the PAN Card to the Company / RTA for registration of transfer / transmission of shares.

6. *Members who have not encashed their dividends for the financial year ended 31st March 2005 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.*

7. 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.

8. Please bring the admission slip with you, duly filled and hand it over at the entrance of the meeting hall.

9. 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.

10. 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.

11. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" through its Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, which now suggests that Companies may also consider sending various notices / documents / reports by electronic mode. <u>We will continue to send to all our shareholders only by Hard Copy of the notices / documents / reports.</u> Those desirous of receiving these only by electronic mode may request and avail this facility. A circular in loose leaf is enclosed for this purpose.

PARTICULARS OF THE DIRECTORS SEEKING 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 S Ravindran
Age	:	59 years
Qualification	:	B.Com, ACA

Sri S Ravindran was appointed as a Director on 30.08.2006. 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 Limited

Director

Light Alloy Products Limited; Transenergy Limited; Sundaram Finance Limited, ABI Premises Private Limited, ABI Precision Castings SAOC, Oman; ABI-Showatech (Oman) LLC (FZC); Real Talent Engineering Limited.

Committee Membership

Turbo Energy Limited – Member, Audit Committee

Sundaram Finance Limited – Member, Audit Committee

2. Item No.4 of the Notice

Name of the Director	:	Sri Rasesh R Doshi
Age	:	48 years
Qualification	:	B.Com, M.E.P. (Indian Institute of Management, Ahmedabad)

Sri Rasesh R Doshi was appointed as a Director of the Company on 8.7.2008. He has more than 25 years of work experience in operations, finance and administration in Auto parts Distribution business. He was appointed Chief Executive of The Associated Auto Parts Ltd in the year 1985 and was co-opted to the Board as a Director in 1989 and is currently the Managing Director of the company. He has been an active member of the Managing Committee of the Maharashtra Motor Parts Dealers' Association for more than a decade and is currently serving as Vice President. Sri Rasesh R Doshi holds 4328 equity shares individually and 960 equity shares jointly with others.

Details of other Directorships / Committee Membership held

Director

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

Committee Membership

NIL

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the **57th Annual Report** together with the Audited Accounts for the year ended 31st March 2011.

Financial Results

Rs. in Lakhs

Particulars	31.03.2011	31.03.2010
Profit before tax	**4154.09**	3647.65
Less: Provision for taxation (including deferred tax)	**1302.58**	1168.05
Profit after Tax	**2851.51**	2479.60
Add : Balance in P&L Account brought forward from previous year	**825.34**	799.84
Profit available for appropriation	**3676.85**	3279.44
Appropriations		
Dividend		
- Interim	**707.17**	582.37
- Final	—	62.40
Dividend Tax (including surcharge)	**114.72**	109.33
General Reserve	**1900.00**	1700.00
Surplus Balance in Profit & Loss Account	**954.96**	825.34

Dividend

The Board of Directors in May 2011 declared and paid an Interim Dividend of Rs.17/- (170%) per equity share for the year ended 31st March 2011 on the paid up share capital of Rs.415.98 lakhs. The dividend, together with dividend tax of Rs.114.72 lakhs absorbs a sum of Rs.821.89 lakhs. The Board of Directors propose to treat the said interim dividend as the total dividend for the year.

Management Discussion and Analysis Report

Your company did well during the year under review in line with the Indian economy, which had registered a strong GDP growth of 8.50%. Growth in Agriculture sector was at 5.40% whereas growth in the Industry & Services sector were at 8.20% and 9.40% respectively. In the Automotive sector, medium and heavy commercial vehicles registered a strong growth of 32% while LCV's grew at 23% and MUVs (Multi Utility Vehicles) by 29%.

For the year under review, your Company's sales increased by Rs.70.00 crores – from Rs.358.00 crores to Rs.428.00 crores. This enabled profits (before tax) to grow by 13.87% from Rs.36.48 crores to Rs.41.54 crores. Correspondingly, profit after tax increased by 14.95% from Rs.24.80 crores to Rs.28.51 crores. In view of all round inflation, operational costs including wages, freight, rent and travel went up. Some of these costs are expected to increase in the fiscal year 2011-12 as well.

Business Outlook

Your company opened new branches in Patiala, Barbil and Allahabad to have a better reach. With commodity price inflation persisting we would expect motor vehicle parts prices to go up. With moderation in vehicle production due to macro economic factors, component manufacturers are expected to service the aftermarket with better supplies. With effective cost control, the management expects to maintain performance.

Internal Audit

The Internal Audit Team visits all our branches as per audit schedule to ensure compliance with systems and procedures. Audit findings and Internal Audit Reports are reviewed by the Senior Management and Audit Committee regularly. The Audit Committee of the Board met 5 times during the year under review with the Senior Executives of the Internal Audit and the Finance & Accounts Department and the Statutory Auditors.

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 S Ravindran and Sri Rasesh R Doshi, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors

The Auditors, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

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 2010-2011, the Company did not have any foreign exchange earnings or outgo other than travel.

Personnel

There is no employee, particulars of whom are to be furnished under Section 217(2A) of the Companies Act, 1956.

Directors' responsibility statement

As required under Section 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.

ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year ended 31st March, 2011, and the profit of the Company for that year.

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) the Directors have prepared the annual accounts on a going concern basis.

Acknowledgement

Your Directors thank all the suppliers and dealers for their continued support and co-operation during the year under review. They also wish to thank State Bank of India for its support and assistance.

Your Directors wish to place on record their appreciation for the commitment, initiative and excellent contribution of all the staff and executives of the Company, which enabled your company to register a good performance during the year under review.

On behalf of the Board of Directors

Chennai **S Narayanan**

11th August 2011 *Chairman*