

INDIA MOTOR PARTS & ACCESSORIES LIMITED

IMPAL

2012 – 2013

59th ANNUAL REPORT

BOARD OF DIRECTORS

Sri S NARAYANAN
Sri S RAM
Sri ANANTH RAMANUJAM
Sri S RAVINDRAN
Sri S PRASAD
Ms SHOBHANA RAMACHANDHRAN
Sri RASESH R DOSHI
SRI N KRISHNAN

Chairman

Managing Director

COMMITTEES OF THE BOARD

Audit Committee

Sri S PRASAD
Sri S RAVINDRAN
Sri RASESH R DOSHI
Sri N KRISHNAN

Chairman

Shareholder / Investor Grievance Committee

Sri S NARAYANAN
Sri N KRISHNAN

Chairman

EXECUTIVE VICE PRESIDENT – MARKETING & BUSINESS DEVELOPMENT

Sri MUKUND S RAGHAVAN

SR. VICE PRESIDENT – FINANCE & ACCOUNTS

Sri S RAMASUBRAMANIAN

COMPANY SECRETARY

Sri N KUMAR

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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INDIA MOTOR PARTS & ACCESSORIES LIMITED

EXECUTIVES

Sri L KUMAR	Sr. Vice President (Marketing)
Sri L SRINIVASAN	Vice President (Marketing)
Sri V SRIDHAR	Sr. General Manager (Systems & Materials)
Sri S JAGATH KUMAR	General Manager (Marketing)
Sri M PARAMESWARAN	General Manager (Accounts & Information Systems)
Sri N SUNDARAM	General Manager (Accounts)
Sri R RAMAN	Sr. Deputy General Manager (Accounts)

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Share Capital	831.96	415.98	415.98	415.98	415.98	415.98	415.98
Reserves & Surplus	16772.92	15340.59	13033.71	11004.09	9278.59	8125.02	7387.56
Net Worth	17604.88	15756.57	13449.69	11420.07	9694.57	8541.00	7803.54
Capital Employed	20369.91	17461.91	13639.62	11522.02	11129.46	9478.30	8644.51
Sales	49437.84	50030.56	42799.06	35808.80	30055.60	24377.59	22702.44
Profit Before Tax	4150.59	4570.79	4154.09	3647.65	2531.22	1748.12	1639.36
Profit After Tax	2720.15	3225.46	2851.51	2479.60	1737.59	1199.80	1093.36
Dividend Amount	748.76	790.36	707.17	644.77	499.18	395.18	374.39
Dividend per share on a facevalue of Rs.10/- each (Rs.)	9.00	19.00	17.00	15.50	12.00	9.50	9.00
Dividend %	90	190	170	155	120	95	90
Earnings per Share (Rs.)	32.70	77.54	68.55	59.61	41.77	28.84	26.28
Book Value per Share (Rs)	211.61	378.78	323.32	274.53	233.05	205.32	187.59

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Fifty-Ninth Annual General Meeting** of the Shareholders of the Company will be held at **11.00 a.m. on Thursday, the 8th day of August 2013**, 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, 2013 and to consider the reports of the Directors and Auditors thereon.
2. To declare a final dividend.
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 elect a Director in the place of Sri Ananth Ramanujam, 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 upto the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 4,25,000/- (Rupees four lakhs twenty five thousand per annum) 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 Resolutions as Special Resolutions:

“RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs.10,00,00,000 (Rupees ten crores only) to Rs.20,00,00,000 (Rupees twenty Crores only) by creation of additional 1,00,00,000 (one crore) equity shares of Rs.10/- each

RESOLVED FURTHER THAT Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be altered as under:

- (a) The existing Clause V of the Memorandum of Association of the Company shall be deleted and the following be substituted therefor :

“The Share Capital of the Company is Rs.20,00,00,000 (Rupees twenty crores only) divided into 2,00,00,000 (two crores) equity shares of Rs.10/- each”.

INDIA MOTOR PARTS & ACCESSORIES LIMITED

(b) The existing Article 4 of the Articles of Association of the Company shall be deleted and the following be substituted therefor:

“The Share Capital of the Company is Rs.20,00,00,000 (Rupees twenty crores only) divided into 2,00,00,000 (two crores) equity shares of Rs.10/- each”.

7. 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 authorised 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 1.4.2014.”

“RESOLVED FURTHER THAT the Board of Directors may, at their 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.”

By Order of the Board

Place : Chennai

N.Kumar

Date : 28th May 2013

Secretary

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No.6

At present, the Authorised Share Capital of the Company stands at Rs.10 Crores divided into 1,00,00,000 (one crore) equity Shares of Rs.10/- each. It is considered desirable to increase the Authorised Share Capital of the Company from Rs.10 Crores to Rs.20 Crores by the creation of additional 1,00,00,000 (one crore) equity Shares of Rs.10/- each.

The proposed increase of the Authorised Share Capital requires the approval of the members in general meeting. Consequent on the proposal to increase the Authorised Share Capital, the Memorandum and Articles of Association of the Company will require alterations so as to reflect the increase in the Authorised Share Capital.

The special resolutions are placed for the purpose and the Board recommends that the resolutions be passed.

Interest of Directors

None of the Directors of the Company is concerned or interested in the resolutions.

Item No.7

After obtaining the consent of members in the Fifty fourth Annual General Meeting held on 28th August 2008, 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 1.4.2009.

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 1.4.2014 for a further period of 5 years. Accordingly, a special resolution is placed 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.

Place : Chennai

Date : 28th May 2013

By Order of the Board

N.Kumar

Secretary

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 Narayanan

Age : 88 years

Sri S Narayanan has been on the Board of your Company for 48 years since 1965. He is the Chairman of the Board as well as the Chairman of the Shareholders / Investor Grievance Committee. He has also served as the Chairman of the Audit Committee. Sri S Narayanan is having over six decades of experience in the automobile industry, particularly in the distribution of automobile spare parts. He is a Member, Managing Committee of Motor Vehicles & Allied Industries Association, Chennai. Sri S Narayanan holds 3216 shares individually and 39488 shares jointly with others in the company.

Details of other Directorships held

Chairman

TVS Srichakra Limited

Director

(a) Lucas Indian Service Limited

(b) Sundharams Private Limited

Details of Chairmanship / Membership of Committee of other Companies in which he is a Director:

TVS Srichakra Limited – Chairman, Shareholders / Investor Committee

Relationship with other Directors – Sri S.Narayanan is the father of Sri N.Krishnan, Managing Director.

2. Item No 4 of the Notice:

Name of the Director : Sri Ananth Ramanujam

Age : 48 years

Qualification : Graduate in Economics & Masters in Development Economics, University of Bath, U.K.

Sri Ananth Ramanujam has been on the Board of your Company for 7 years since 2005. He has more than 21 years experience in export and manufacturing of auto components. Sri Ananth Ramanujam holds 1312 equity shares individually and 57248 shares jointly with others in the Company.

Details of other Directorships held

Director

Turbo Energy Ltd; ABI-Showatech (India) Ltd; Transenergy Ltd; Raghuvamsa Holdings Pvt Ltd; ABI-Showatech Pte Ltd, Singapore; ABI-Showatech International Pte Ltd, Singapore.

Details of Chairmanship / Membership of Committee of other Companies in which he is a Director:

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

SHAREHOLDER INFORMATION:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF/HERSELF 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 01.08.2013 to 08.08.2013 for the purpose of Annual General Meeting and Final Dividend.
4. Members are requested to
 - Furnish a copy of the PAN Card to the Company / RTA for registration of transfer / transmission of shares.
 - Opt for National Electronic Clearance Service (NECS) facility for receiving dividend direct to their bank account.
 - Provide latest bank account details, wherever NECS facility is not available, for prompt credit and for avoiding fraudulent encashment/loss in postal transit of dividend warrant.
 - Avail nomination facility and
 - Opt for “Green initiative” as suggested by Ministry of Corporate Affairs by registering their e-mail id for receiving notices / documents / reports through electronic mode.

For this purpose,

- i) Shareholders holding shares in electronic mode may approach their respective Depository Participants (DP) and
 - ii) Shareholders holding shares in physical mode can approach M/s Cameo Corporate Services Limited, our Registrar & Transfer Agent – Tel No. 044-28460390, E Mail: investor@cameoindia.com
5. Members who have not encashed their dividends for the financial year ended 31st March 2006 or any subsequent financial years are requested to lodge their claim with the Company / Share Transfer Agent. Reminders are sent to Members to claim their dividends before the amount is transferred to Investor Education & Protection Fund.
 6. Members who are holding shares in physical form are requested to avail dematerialization facility.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the **59th Annual Report** together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS
(Rs in Lakhs)

Particulars	31.03.2013	31.03.2012
Profit before tax	4150.59	4570.79
Less:		
i) Provision for taxation (including deferred tax)	1174.01	1345.33
ii) Tax provision relating to earlier years (net)	256.43	---
Profit after Tax	2720.15	3225.46
Add : Balance in P&L Account brought forward from previous year	1061.84	954.96
Profit available for appropriation	3781.99	4180.42
Appropriations		
i) Transfer to General Reserve	1815.98	2200.00
ii) Dividend		
- Interim	540.77	790.36
- Final (Proposed)	207.99	---
Dividend Tax (including surcharge for interim and final dividend)	123.08	128.22
Surplus Balance in Profit & Loss Account	1094.17	1061.84

Dividend

The Board of Directors in February 2013 have declared and paid an Interim Dividend of Rs.6.50/- per equity share for the financial year 2012-13 on the enhanced paid up share capital of Rs.831.96 lakhs. Your Directors are now pleased to recommend a final dividend of Rs.2.50 per equity share (25%). Together, the total dividend aggregates to Rs.9.00 per equity share (90%) for the year ended 31st March 2013. The dividend, together with dividend tax of Rs.123.08 lakhs absorbs a sum of Rs.871.84 lakhs.

Management Discussion and Analysis Report

In deference to shareholders' requests, the Board of Directors were pleased to issue Bonus shares in the ratio of one equity share for every one existing equity share (1:1) to the shareholders as per the approval of members at the Annual General Meeting held on 30th August, 2012. With the issue of these Bonus shares, the paid up share capital of the company stands increased from Rs. 4.16 crores to Rs.8.32 crores.

The Indian Economy has registered a growth of about 5% for the fiscal year ended March 31, 2013. Industry grew only at 3.1%, Agriculture by 1.8% and the Service sector by 6.6%.

The year under review was a difficult one for the medium and Heavy Commercial Vehicle Industry which recorded a decline of nearly 25%. With restrictions on movement of heavier trucks in cities and towns, sales of light commercial vehicles witnessed a growth above 10%. Domestic sale of cars dropped while those of Multi utility vehicles grew impressively.

The Spare parts business generated for Independent after market distributors did not fare well in the year under review. Your Company's sales declined 1.2% to a sales Volume of Rs.494 crores (Previous year Rs.500 crores). While sales declined, an inflationary pressure on operating costs resulted in lower profits. The profit before tax for the year under review at Rs.41.50 crores was lower than that of the previous year's Rs.45.70 crores.

Business Outlook

The Indian Economy is projected to grow at around 6%. Current trends do not indicate this.

Current trends in the Market at best indicate a stagnant first quarter for the current financial year. For the year as a whole (fiscal year 2013-14) we are hopeful of a moderate increase in turnover.

The continued restriction in mining made our new branch opened in Barbil in Orissa during 2011-12 unviable and was closed in the last quarter of the financial year 2012-13, while the company has opened a new branch in Erode in Tamilnadu.

We continue to face challenges on the man power front. While wage costs are increasing due to consumer price inflation, there is also higher attrition among field staff.

Internal Control Systems

The Company has effective and adequate internal control systems covering all areas of operations.

The Internal Audit Team, manned by our experienced staff regularly visits all our branches as per audit schedule for ensuring compliance with systems and procedures. Audit findings and Internal Audit Reports are reviewed by Senior Management and Audit Committee regularly. The Audit Committee of the Board met 4 times during the year under review with the Senior Executives of the Internal Audit and the Finance & Accounts Department and the Statutory Auditors.

Human Resources Development

The Directors wish to thank all the employees of the Company for their sincere efforts and hard work during a tough financial year.